



ITC Limited
Virginia House
37 J. L. Nehru Road
Kolkata 700 071, India
Tel. : 91 33 2288 9371
Fax : 91 33 2288 4016 / 1256 / 2259 / 2260

2nd May, 2024

The Manager
Listing Department
National Stock Exchange of
India Ltd.
Exchange Plaza
Plot No. C-1, G Block
Bandra-Kurla Complex
Bandra (East)
Mumbai 400 051

The General Manager
Dept. of Corporate Services
BSE Ltd.
P. J. Towers
Dalal Street
Mumbai 400 001

The Secretary
The Calcutta Stock
Exchange Ltd.
7, Lyons Range
Kolkata 700 001

Dear Sirs,

**NOTICE CONVENING MEETING OF THE
ORDINARY SHAREHOLDERS OF ITC LIMITED**

Further to our letter dated 24th April, 2024, we hereby enclose, in terms of Regulations 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Notice convening the Meeting of the Ordinary Shareholders of ITC Limited on **Thursday, 6th June, 2024 at 10.30 a.m. (IST)**, pursuant to the directions of the Hon'ble National Company Law Tribunal, Kolkata Bench, vide Order dated 22nd April, 2024, for the purpose of considering, and if thought fit, approving the proposed Scheme of Arrangement amongst ITC Limited and ITC Hotels Limited and their respective shareholders and creditors.

The aforesaid Notice and the Explanatory Statement together with the accompanying documents are also being uploaded on the Company's corporate website at <https://www.itcportal.com/proposed-demerger> .

Yours faithfully,

ITC Limited

RAJENDRA
KUMAR
SINGHI

Digitally signed by
RAJENDRA KUMAR
SINGHI
Date: 2024.05.02
17:22:42 +05'30'

(R. K. Singhi)

Executive Vice President &
Company Secretary

Enclosed: a/a

cc: Securities Exchange Commission
Division of Corporate Finance
Office of International Corporate Finance
Mail Stop 3-9
450 Fifth Street
Washington DC 20549
U.S.A.

cc: Societe de la Bourse de Luxembourg
35A Boulevard Joseph II
L-1840 Luxembourg



ITC Limited

CIN : L16005WB1910PLC001985

Registered Office : Virginia House, 37 Jawaharlal Nehru Road, Kolkata 700 071

Tel : +91 33 2288 9371 • Fax : +91 33 2288 2358 • E-mail : isc@itc.in • Website : www.itcportal.com

NOTICE CONVENING MEETING OF THE ORDINARY SHAREHOLDERS OF ITC LIMITED (PURSUANT TO ORDER DATED 22ND APRIL, 2024 OF THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, KOLKATA BENCH)

MEETING	
Day	Thursday
Date	6th June, 2024
Time	10.30 a.m. (IST)
Mode of Meeting	Through Video Conferencing / Other Audio Visual Means
Cut-off date for e-voting	Friday, 17th May, 2024
Remote e-voting start date and time	Wednesday, 22nd May, 2024 at 9.00 a.m. (IST)
Remote e-voting end date and time	Wednesday, 5th June, 2024 at 5.00 p.m. (IST)

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The Notice of the Meeting, Explanatory Statement and Annexures 1 to 11 constitute a single and complete set of documents and should be read in conjunction with each other, as they form an integral set of documents.

BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, KOLKATA BENCH
COMPANY APPLICATION (CAA) NO. 56/KB/2024
IN THE MATTER OF SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF
THE COMPANIES ACT, 2013
AND
IN THE MATTER OF SCHEME OF ARRANGEMENT AMONGST ITC LIMITED AND
ITC HOTELS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

In the Matter of the Companies Act, 2013 - Section 230(1)
read with Section 232(1)

And

In the Matter of :

ITC Limited, a company incorporated under the Indian Companies Act, 1882 and being a company within the meaning of the Companies Act, 2013, having Corporate Identification No. L16005WB1910PLC001985 and its registered office at Virginia House, 37 Jawaharlal Nehru Road, Kolkata 700 071 in the State of West Bengal.

And

ITC Hotels Limited, a company incorporated under the Companies Act, 2013, having Corporate Identification No. U55101WB2023PLC263914 and its registered office at Virginia House, 37 Jawaharlal Nehru Road, Kolkata 700 071 in the State of West Bengal.

NOTICE CONVENING MEETING OF THE ORDINARY SHAREHOLDERS

To the Ordinary Shareholders of ITC Limited.

1. NOTICE is hereby given that, pursuant to the directions of the Hon'ble National Company Law Tribunal, Kolkata Bench ('Tribunal') vide Order dated 22nd April, 2024 ('Tribunal Order'), a meeting of the Ordinary Shareholders of ITC Limited will be held on **Thursday, 6th June, 2024 at 10.30 a.m. (IST)** ('Meeting') for the purpose of considering, and if thought fit, approving the proposed Scheme of Arrangement amongst ITC Limited ('ITC' or 'Demerged Company' or 'Company') and ITC Hotels Limited ('ITCHL' or 'Resulting Company') and their respective shareholders and creditors ('Scheme').
2. Pursuant to the Tribunal Order and as directed therein, the Meeting will be held through Video Conferencing / Other Audio Visual Means, in compliance with the applicable provisions of the Companies Act, 2013 ('the Act'), the Circulars issued thereunder, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to consider, and if thought fit, to pass the following resolution for approval of the Scheme by requisite majority, as prescribed under Section 230(6) of the Act:

“Resolved that, in accordance with the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 read with the Rules thereunder, including the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated 20th June, 2023 issued by the Securities and Exchange Board of India (‘SEBI’) and any other Circulars / Guidelines issued by SEBI applicable to schemes of arrangement from time to time, Section 2(19AA) and other relevant provisions of the Income-tax Act, 1961 and the Rules thereunder, and all other provisions of applicable laws, or any amendments thereto or modifications thereof, the Memorandum and Articles of Association of ITC Limited, and subject to the approval of the Hon’ble National Company Law Tribunal, Kolkata Bench (‘Tribunal’), and such other approvals as may be necessary or as may be directed by the Tribunal, the Scheme of Arrangement amongst ITC Limited and ITC Hotels Limited and their respective shareholders and creditors (‘Scheme’) be and is hereby approved.

Resolved further that the Board of Directors of ITC Limited (‘the Board’, which term shall be deemed to mean and include one or more Committee(s) constituted by the Board or any other person(s) authorised by the Board to exercise its power including the powers conferred by this Resolution) be and is hereby authorised to perform and execute all such acts, deeds, matters and things, including delegation of all or any of the powers conferred herein, as it may, in its absolute discretion deem necessary, proper or expedient to give effect to this Resolution and for the matters connected therewith or incidental thereto, and to effectively implement the arrangement embodied in the Scheme and to make any modification(s) or amendment(s) to the Scheme at any time and for any reason whatsoever, and to accept such modification(s), amendment(s) or condition(s), if any, which may be required and / or imposed by the Tribunal while sanctioning the Scheme or by any authorities under law, and to waive any condition(s) of the Scheme, and also to settle any issue, question, difficulty or doubt that may arise in this regard, including passing such accounting entries or making adjustments in the books of accounts of ITC Limited and deciding on transfer / vesting of assets and liabilities, as the Board in its absolute discretion may deem fit, proper or desirable, subject to compliance with the applicable laws and regulations, without the Board being required to seek any further consent / approval of the Shareholders.”

3. TAKE FURTHER NOTICE that the Shareholders shall have the facility of casting their votes on the Resolution for approval of the Scheme either by remote electronic voting (‘remote e-voting’) or by e-voting at the Meeting during the respective voting period stated below:

Manner of voting	Commencement of voting	End of voting
Remote e-voting	Wednesday, 22nd May, 2024 at 9.00 a.m. (IST)	Wednesday, 5th June, 2024 at 5.00 p.m. (IST)
E-voting at the Meeting	Thursday, 6th June, 2024 (upon voting being announced by the Chairperson of the Meeting)	Thursday, 6th June, 2024 (till the voting is open)

Remote e-voting and e-voting at the Meeting shall not be allowed beyond the respective voting period, as stated above. Shareholders may exercise their votes in only one mode i.e., either by remote e-voting or by e-voting at the Meeting. Shareholders who cast their votes by remote e-voting may attend the Meeting, but will not be entitled to cast their votes again.

4. Voting rights will be reckoned on the paid-up value of the shares registered in the name of the Shareholders of the Company on **Friday, 17th May, 2024 ('cut-off date')**. Only those Shareholders whose names are recorded in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date will be entitled to cast their votes by remote e-voting or by e-voting at the Meeting. Those who are not Shareholders on the cut-off date should accordingly treat this Notice as for information purpose only.
5. The Company has engaged National Securities Depository Limited ('NSDL') as the agency for providing the platform for both remote e-voting and e-voting at the Meeting.
6. The Tribunal has appointed (a) Dr. Mamta Binani, FCS and Advocate, to be the Chairperson of the Meeting, and (b) Mr. N. Gurumurthy, FCA, to be the Scrutinizer for the Meeting.
7. The voting results shall be declared by the Chairperson of the Meeting within two working days from the conclusion of the Meeting and the same shall be displayed on the Notice Board of the Company at its Registered Office and posted on the websites of the Company at <https://www.itcportal.com/proposed-demerger> , and NSDL at www.evoting.nsdl.com . The results shall also be forwarded to the National Stock Exchange of India Limited ('NSE'), BSE Limited ('BSE') and The Calcutta Stock Exchange Limited ('CSE'), where the Company's shares are listed.
8. The Resolution for approval of the Scheme shall, if passed by a majority in number representing three-fourths in value of the Ordinary Shareholders of the Company casting their votes, as aforesaid, pursuant to Section 230(6) of the Act, shall be deemed to have been duly passed on the date of the Meeting i.e., Thursday, 6th June, 2024.
9. The Scheme, if approved at the Meeting, will be subject to subsequent sanction of the Tribunal and such other approval(s), permission(s) and sanction(s) of regulatory or other authorities, as may be necessary.
10. A copy each of the Scheme and the Explanatory Statement under Sections 230 and 232 read with Section 102 and other applicable provisions of the Act and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 along with all the Annexures are enclosed herewith. A copy of this Notice and the Explanatory Statement together with the accompanying documents are also placed on the websites of the Company at <https://www.itcportal.com/proposed-demerger> , NSDL at www.evoting.nsdl.com , NSE at www.nseindia.com , BSE at www.bseindia.com , and CSE at www.cse-india.com .

Sd/-

Dr. (h.c.) CS & Advocate Mamta Binani

Chairperson appointed by
the Tribunal for the Meeting

Dated: 30th April, 2024

NOTES:

- (i) Explanatory Statement under Sections 230 and 232 read with Section 102 and other applicable provisions of the Companies Act, 2013 ('the Act') and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 is annexed to this Notice.
- (ii) Since this Meeting is being held through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM'), (a) Shareholders will not be able to appoint proxies for the Meeting, and (b) Attendance Slip & Route Map are not annexed to this Notice.
- (iii) Corporate Shareholders are requested to send a certified copy of the Board Resolution authorising their representative to attend this Meeting, pursuant to Section 113 of the Act, through **e-mail to the Scrutinizer at itshotelsdemerger@gmail.com** or by **post to the Investor Service Centre** of the Company ('ISC') at 37 Jawaharlal Nehru Road, Kolkata 700 071.
- (iv) Shareholders are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in the order of names in the Register of Members of the Company or in the Register of Beneficial Owners maintained by National Securities Depository Limited ('NSDL') / Central Depository Services (India) Limited ('CDSL') (hereinafter collectively referred to as 'Depositories') in respect of such joint holding, will be entitled to vote.
- (v) The Notice and the Explanatory Statement together with the accompanying documents are being sent only through electronic mode to those Shareholders who have registered their e-mail addresses with the Company or with the Depositories. These documents are also available on the Company's corporate website at <https://www.itcportal.com/proposed-demerger>.

Shareholders desirous of obtaining physical copies of the said Notice and the Explanatory Statement together with the accompanying documents, free of charge, may send a request to the Executive Vice President & Company Secretary, mentioning their name and DP ID & Client ID / folio number, through **e-mail at itshotelsdemerger@itc.in** or by **post to ISC**.

- (vi) As stated in the Notice, Shareholders shall have the facility and option of casting their votes on the Resolution for approval of the Scheme either by remote e-voting or by e-voting at the Meeting. The Company has engaged NSDL as the agency for providing the platform for both remote e-voting and e-voting at the Meeting.

Detailed instructions for attending the Meeting and also for e-voting are annexed.

- (vii) Shareholders who hold shares in the certificate form or who have not registered their e-mail addresses with the Company or with the Depositories and wish to receive the Notice and the Explanatory Statement together with the accompanying documents, or attend the Meeting, or cast their votes through remote e-voting or by e-voting at the Meeting, are required to register their e-mail address with the Company at <https://eform.itcportal.com>. Alternatively, Shareholders may send a letter requesting for registration of their e-mail address, mentioning their name and DP ID & Client ID / folio number, through **e-mail at isc@itc.in** or by **post to ISC**.
- (viii) Shareholders who would like to express their views or ask questions with respect to the agenda item of the Meeting will be required to register themselves as speaker by sending e-mail to the Executive Vice President & Company Secretary at itshotelsdemerger@itc.in from their registered e-mail address, mentioning their name, DP ID & Client ID / folio number and mobile number. Only those Shareholders who have registered themselves as speaker by 10.30 a.m. (IST) on Monday, 3rd June, 2024 will be able to speak at the Meeting. The Chairperson of the Meeting reserves the right to restrict the number of questions and / or number of speakers, depending upon availability of time, for smooth conduct of the Meeting.

Further, Shareholders who would like to have their questions / queries responded to during the Meeting are requested to send such questions / queries in advance to the Executive Vice President & Company Secretary at itshotelsdemerger@itc.in within the aforesaid time period.

INSTRUCTIONS FOR ATTENDING THE MEETING AND ALSO FOR E-VOTING

I. Instructions for attending the Meeting through VC / OAVM

- (a) Shareholders who wish to attend this Meeting through VC / OAVM are requested to follow the steps enumerated under (II) below for login to the NSDL e-voting system.
After login, click on the '**VC / OAVM**' link appearing under '**Join Meeting**' against the Electronic Voting Event Number ('EVEN') of ITC Limited.
- (b) The facility for the Shareholders to join this Meeting through VC / OAVM will be available from 30 minutes before the time scheduled for the Meeting and may close not earlier than 30 minutes after the commencement of the Meeting.
- (c) Shareholders are requested to login to the NSDL e-voting system using their laptops / desktops / tablets with stable Wi-Fi or LAN connection for better experience. Shareholders logging in from mobile devices or through laptops / desktops / tablets connecting via mobile hotspot or with low bandwidth, may experience audio / video loss due to fluctuation in their respective network.

II. Instructions for remote e-voting

Step 1: Access to NSDL e-voting website

(A) For Individual Shareholders holding shares in dematerialised form:

For Shareholders holding shares in demat account with NSDL

- **If you are registered for 'IDeAS' facility**, you are required to follow the below-mentioned steps:
 - (a) Launch internet browser by typing the URL: **<https://eservices.nsdl.com>** and click on '**Beneficial Owner**' tab under the 'IDeAS' section.
 - (b) Insert your existing user ID, password / OTP and the verification code as shown on the screen.
 - (c) After login, click on '**Access to e-voting**' under value added services and you will be able to see the e-voting page.
 - (d) Click on '**evote**' link available against ITC Limited or '**e-voting service provider - NSDL**' and proceed to Step 2 to cast your vote.
- **If you are not registered for 'IDeAS'**, you are required to follow the below-mentioned steps:
 - (a) Launch internet browser by typing the URL: **<https://evoting.nsdl.com>** and click on '**Shareholder / Member - Login**'.
 - (b) Insert your existing user ID, password / OTP and the verification code as shown on the screen, and agree to the terms and conditions by clicking the box.
 - (c) After authentication, you will be re-directed to NSDL e-services website wherein you will be able to see the e-voting page.
 - (d) Click on '**evote**' link available against ITC Limited or '**e-voting service provider - NSDL**' and proceed to Step 2 to cast your vote.
- You may also download the NSDL Mobile App '**NSDL Speede**' by scanning the following QR code, for e-voting:



For Shareholders holding shares in demat account with CDSL

- **If you are registered for 'Easi / Easiest' facility**, you are required to follow the below-mentioned steps:
 - (a) Login at **www.cdslindia.com** and click on '**My Easi New (Token)**', or launch internet browser by typing the URL: **<https://web.cdslindia.com/myeasitoken/home/login>**.
 - (b) Insert your existing user ID and password.
 - (c) After login, you will be able to view the e-voting menu.
 - (d) Click on '**evote**' link available against ITC Limited or '**e-voting service provider - NSDL**' and proceed to Step 2 to cast your vote.

- You can also directly access the e-voting page by clicking on '**E Voting**' on the home page of www.cdslindia.com with your demat account number and PAN.

After OTP based authentication, you will be provided link for '**evoting**' against ITC Limited or '**e-voting service provider - NSDL**'. Click on the link and proceed to Step 2 to cast your vote.

For Shareholders logging in through the websites of their Depository Participants

- Login to your demat account, using the login credentials, through the concerned Depository Participant registered with NSDL / CDSL.
- Click on the option available for e-voting. You will be re-directed to NSDL e-services website wherein you will be able to see the e-voting page.
- Click on '**evote**' link available against ITC Limited or '**e-voting service provider - NSDL**' and proceed to Step 2 to cast your vote.

- Shareholders who are unable to retrieve their user ID or password are advised to use 'Forgot User ID' / 'Forgot Password' option(s) available on the websites of the respective Depositories / Depository Participants.

(B) For Non-Individual Shareholders holding shares in dematerialised form and Shareholders holding shares in certificate form:

If you are holding shares in dematerialised form and are registered for NSDL 'IDeAS' facility, you can login at <https://eservices.nsdl.com> with your existing IDeAS login and click on 'Access to e-voting' to proceed to Step 2 to cast your vote.

Other Shareholders are required to follow the below-mentioned steps:

- Launch internet browser by typing the URL: <https://evoting.nsdl.com> and click on '**Shareholder / Member - Login**'.
- Insert your user ID, password and the verification code as shown on the screen.

– User ID:

For Shareholders holding shares in demat account with NSDL.	8 character DP ID followed by 8 digit Client ID. <i>For example, if your DP ID is IN300*** and Client ID is 12*****, then your user ID is IN300***12*****.</i>
For Shareholders holding shares in demat account with CDSL.	16 digit Beneficiary ID. <i>For example, if your Beneficiary ID is 12*****, then your user ID is 12*****.</i>
For Shareholders holding shares in certificate form.	EVEN followed by your folio number registered with the Company. <i>For example, if the EVEN is 101456 and your folio number is 01/12***, then your user ID is 1014560112***.</i>

– Password:

- If you are already registered with NSDL for remote e-voting, you should use your existing password for login.**

Shareholders may also use OTP based login.

- If you are using NSDL e-voting system for the first time, you would need to use your '**initial password**' for login, which has been communicated to you by the Company.
- If you are unable to retrieve the 'initial password', or have forgotten your password:

- Click on '**Forgot User Details / Password?**', if holding shares in dematerialised form, or
- Click on '**Physical User Reset Password?**', if holding shares in certificate form.

You may also send an e-mail requesting for password at evoting@nsdl.co.in, mentioning your name, PAN, registered address and your DP ID & Client ID / folio number.

- Agree to the terms and conditions by clicking the box.
- Click on '**Login**'. Home page of remote e-voting opens.

Step 2: Cast your vote on NSDL e-voting website

- (a) Select the EVEN of ITC Limited.
- (b) Now you are ready for remote e-voting as '**Cast Vote**' page opens.
- (c) Cast your vote by selecting appropriate option and click on '**Submit**'. Thereafter click on '**Confirm**' when prompted; upon confirmation, your vote is cast and the message '**Vote cast successfully**' will be displayed.

Other Instructions

- (a) Corporate and Institutional Shareholders (companies, trusts, societies etc.) are required to send a scanned copy (in PDF / JPG format) of the relevant Board Resolution / appropriate authorisation to the Scrutinizer through **e-mail at itchotelsdemerger@gmail.com** with a copy marked to NSDL at **evoting@nsdl.co.in** or by **post to ISC**.
- (b) Those who become Shareholders of the Company after sending the Notice but on or before **17th May, 2024 (cut-off date)** may write to NSDL at **evoting@nsdl.co.in** or to the Company at **isc@itc.in** requesting for user ID and password. On receipt of user ID and password, the steps under 'Step 2: Cast your vote on NSDL e-voting website' should be followed for casting of vote.
- (c) In case of any query, you may refer to the Frequently Asked Questions for Shareholders and e-voting User Manual for Shareholders available under the Downloads section of NSDL's e-voting website **www.evoting.nsdl.com**. You may also contact the following persons for any query / grievance:
 - (i) Mr. Amit Vishal, Deputy Vice President, National Securities Depository Limited, Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013 at telephone nos. **022-4886 7000** or **022-2499 7000** or at e-mail ID **AmitV@nsdl.co.in** ;
 - (ii) Mr. T. K. Ghosal, Head of ISC, at telephone nos. **1800-345-8152** or **033-2288 6426 / 0034** or at e-mail ID **tunal.ghosal@itc.in**. You may also send your queries to the e-mail ID **isc@itc.in**.

III. Instructions for e-voting at the Meeting

- (a) The procedure for e-voting at the Meeting is same as mentioned under (II) above for remote e-voting.
- (b) The aforesaid facility will be available only to those Shareholders who participate in the Meeting and who do not cast their votes by remote e-voting prior to the Meeting. Shareholders who cast their votes by remote e-voting will not be entitled to cast their votes again.

General Information

- (a) There will be one vote for every DP ID & Client ID / folio number irrespective of the number of joint holders.
- (b) In case the Shareholders require any technical assistance with respect to attending the Meeting or e-voting at the Meeting, they may contact the helpline numbers mentioned above under Clause (c) of 'Other Instructions' for remote e-voting.

Individual Shareholders holding shares in dematerialised form may also reach out for any technical issue related to login through their respective Depositories, i.e. NSDL and CDSL, as follows:

- NSDL - e-mail at **evoting@nsdl.co.in** or call at telephone nos. **022-4886 7000** or **022-2499 7000**.
- CDSL - e-mail at **helpdesk.evoting@cdslindia.com** or call at telephone no. **1800-225-533**.

BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, KOLKATA BENCH
COMPANY APPLICATION (CAA) NO. 56/KB/2024
IN THE MATTER OF SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF
THE COMPANIES ACT, 2013
AND
IN THE MATTER OF SCHEME OF ARRANGEMENT AMONGST ITC LIMITED AND
ITC HOTELS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

In the Matter of the Companies Act, 2013 - Section 230(1)
read with Section 232(1)

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In the Matter of :

ITC Limited, a company incorporated under the Indian Companies Act, 1882 and being a company within the meaning of the Companies Act, 2013, having Corporate Identification No. L16005WB1910PLC001985 and its registered office at Virginia House, 37 Jawaharlal Nehru Road, Kolkata 700 071 in the State of West Bengal.

And

ITC Hotels Limited, a company incorporated under the Companies Act, 2013, having Corporate Identification No. U55101WB2023PLC263914 and its registered office at Virginia House, 37 Jawaharlal Nehru Road, Kolkata 700 071 in the State of West Bengal.

EXPLANATORY STATEMENT UNDER SECTIONS 230 AND 232 READ WITH
SECTION 102 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013
AND RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND
AMALGAMATIONS) RULES, 2016

1. **Meeting to consider the Scheme of Arrangement**

- (a) Pursuant to the Order dated 22nd April, 2024 ('Tribunal Order') of the Hon'ble National Company Law Tribunal, Kolkata Bench ('Tribunal'), the Meeting of the Ordinary Shareholders of ITC Limited is being convened on Thursday, 6th June, 2024, at 10.30 a.m. (IST) through Video Conferencing / Other Audio Visual Means, in compliance with the applicable provisions of the Companies Act, 2013 ('the Act'), the Circulars issued thereunder, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), for considering, and if thought fit, approving the proposed Scheme of Arrangement amongst ITC Limited ('ITC' or 'Demerged Company' or 'Company') and ITC Hotels Limited ('ITCHL' or 'Resulting Company') and their respective shareholders and creditors ('Scheme'). This is a Statement accompanying the Notice convening such Meeting of the Ordinary Shareholders of the Demerged Company.

(b) The Scheme, inter alia, provides for:

- (i) demerger of the Demerged Undertaking comprising the Hotels Business i.e., the hotels and hospitality business of the Demerged Company undertaken by way of, inter alia, owning, licensing, operating, managing, servicing, marketing and supervising the operations of hotels and includes accommodation, dining and banqueting services, and investments in the Hospitality Entities carrying on the hotels and hospitality business, into the Resulting Company on a going concern basis and in consideration, the consequent issuance of equity shares by the Resulting Company to all the shareholders of the Demerged Company as per the Share Entitlement Ratio i.e., for every 10 Ordinary Shares of face and paid-up value of ₹ 1/- each held in the Demerged Company, 1 Equity Share of face and paid-up value of ₹ 1/- of the Resulting Company, and in accordance with the provisions of Section 2(19AA) read with other relevant provisions of the Income-tax Act, 1961 ('IT Act');
- (ii) various other matters consequential or otherwise integrally connected therewith, including changes to the share capital and securities premium account of the Resulting Company, pursuant to the provisions of Sections 230 to 232 read with other applicable / relevant provisions of the Act and in compliance with the provisions of the IT Act and other applicable regulatory requirements.

The salient features of the Scheme are given in paragraph 4 and the detailed terms of the arrangement are covered in the Scheme, a copy of which is enclosed as **Annexure 1**.

2. Rationale and Benefits of the Scheme

The circumstances which justify and / or have necessitated the Scheme and the benefits of the same are, inter alia, as follows:

- (a) The Demerged Company is a diversified company engaged in various businesses including hotels. The Hotels Business of the Demerged Company includes ownership / licensing / management of several hotel properties and providing services including accommodation, dining, banqueting, etc.
- (b) The Hotels Business of the Demerged Company has matured over the years and is well poised to chart its own growth path and operate as a separate listed entity in the fast-growing hospitality industry whilst continuing to leverage the Demerged Company's institutional strengths, strong brand equity and goodwill. Therefore, the Scheme is being proposed to segregate Hotels Business from the Remaining Business (i.e., all businesses, undertakings, activities, operations, assets and liabilities of the Demerged Company other than those that form part of the Demerged Undertaking) of the Demerged Company and demerge it into the Resulting Company. The proposed Scheme would be in the best interests of the companies and their respective shareholders, employees, creditors and other stakeholders for the following reasons:
 - (i) The confluence of favourable factors such as rising societal aspirations, strong macro-economic fundamentals of the country, Government of India's thrust on the Travel & Tourism industry and infrastructure creation along with rapid digitalisation present immense opportunities for the Hotels Business going forward, though distinct from the other businesses of the Demerged Company.
 - (ii) In light of the distinctive profile of the hospitality industry, housing the Hotels Business in a separate listed entity would enable crafting of the next horizon of growth and sustained value creation for shareholders through sharper focus on the business anchored on a differentiated strategy aligned with industry specific market dynamics.

- (iii) The Resulting Company is a newly incorporated entity which will have the ability to raise capital from equity and debt markets towards funding its growth requirements.
- (iv) The Resulting Company as a focused entity would attract the right sets of investors, strategic partners and collaborations, whose investment strategies and risk profiles are aligned more sharply with the hospitality industry.
- (v) The Scheme would unlock value of the Hotels Business for existing shareholders of the Demerged Company through independent market driven valuation of their shares in the Resulting Company which will be listed pursuant to the Scheme, along with the option and flexibility to remain invested in a pure play hospitality focused listed entity.
- (vi) The Scheme will ensure long term stability and strategic support to the Resulting Company and also enable the leveraging of cross synergies between the two companies.

3. **Background of the companies**

I. **Particulars of the Demerged Company:**

- (a) The Demerged Company was incorporated on 24th August, 1910 under the Indian Companies Act, 1882 as a public company limited by shares by the name and style of 'The Imperial Tobacco Company of India Limited'. Subsequently, its name was changed to 'India Tobacco Company Limited' on 20th May, 1970, to 'I.T.C. Limited' on 30th March, 1974 and to 'ITC Limited' on 18th September, 2001. The Demerged Company is a company within the meaning of the Act. The Corporate Identification Number of the Demerged Company is L16005WB1910PLC001985 and its Permanent Account Number allotted by the Income Tax Department is AAACI5950L. The Demerged Company has its Registered Office at Virginia House, 37 Jawaharlal Nehru Road, Kolkata 700 071 in the State of West Bengal, India. The email address of the Demerged Company is isc@itc.in and its website is www.itcportal.com. During the last five years, there has been no change in the Objects Clause, name and registered office of the Demerged Company.

- (b) The main objects of the Demerged Company are contained in Clause 3 of its Memorandum of Association. They are, inter alia, as follows:

"3(a) To carry on the business of cultivators of tobacco, manufacturers of and dealers in tobacco, cigars, cigarettes, snuff and other products composed wholly or in part of tobacco, snuff-grinders and merchants, box merchants and manufacturers of and dealers in boxes, covers, packages and other receptacles for holding tobacco, cigarettes or cigars, and any other articles and things used in the consumption of tobacco, or which are required by, or may be convenient to smokers, or are commonly dealt in by tobaccoconists.

3(a)(i) To carry on the business as hoteliers, hotel proprietors, hotel managers and operators, refreshment contractors and caterers, restaurant keepers, refreshment room proprietors, milk and snack bar proprietors, cafe and tavern proprietors, lodging house proprietors, ice-cream merchants, sweetmeat merchants, milk manufacturers and merchants, bakers, confectioners, professional merchants, licensed victuallers,

wine and spirit merchants, blenders and bottlers, including the business of buying, selling, owning, operating and maintaining, taking on or giving out on lease or licence, of hotels and resorts of all kinds, including sports resorts, fun parks, restaurants, holiday resorts, rest-houses, entertainment, recreational and amusement centres, health farms and spas, farm houses, town houses, service apartments, health clubs, golf courses and villas, swimming pools and water sport facilities, beach resorts, shopping malls and plazas, convention centres, exhibition venues, business centres and conveniences of all kinds and descriptions.

3(a)(ii) To carry on the business of tourist and travel agents, transport agents and contractors, to arrange and operate tours and to facilitate travelling and provide for tourist and travellers, and of freight and passage brokers and representatives of airlines, steamship lines, railways and other carriers whether in India or abroad, including the business of manufacturers, importers, exporters, dealers and traders, whether as wholesalers, retailers or distributors, in leather, rubber and cloth goods of all kinds, whether sports gear apparels, travel accessories, personal accessories, sports accessories, fashion garments, boots, gloves, hosiery and to carry on the business of retailing by setting up of retail outlets, departmental stores, super stores, super markets, boutiques, shopping malls and plazas and other outlets of all kinds and descriptions.

3(a)(iii) To buy, sell, deal, barter, import, whether as wholesalers or retailers or as principals or agents or brokers or otherwise, goods, stores, commodities or products as covered by these clauses and connected therewith and generally to export.

3(a)(iv) To manufacture, process, prepare, preserve, can, refine, bottle, buy, sell and deal whether as wholesalers or retailers or as exporters or importers or as principals or agents, in foods, meats, eggs, poultry, vegetables, canned and tinned and processed foods, protein, health and instant foods of all kinds including baby and dietetic foods, cereals, beverages, cordials, tonics, restoratives and aerated mineral waters and food-stuffs and consumable provisions of every description for human or animal consumption.

3(a)(viii) To carry on the business of printers, lithographers, stereotypers, electrotypes, photographic printers, art printers, photolithographers, chromolithographers, engravers, embossers, die-sinkers, die-stampers, envelope manufacturers, machine rulers, numerical printers, stationery, paper makers, paper bags and cardboard manufacturers.

3(a)(x) To carry on the business of manufacturers of and dealers in paper, pulp and boards of all kinds, and articles made from paper, pulp and boards of every description, and materials used in the manufacture or treatment of paper and board, including cardboards.

3(a)(xi) To carry on the business of manufacturers of and dealers in containers, boxes, packings, packages, wrappings, wrappers and receptacles of all kinds made from paper and boards, including cardboards and plywoods, plastic, plastic materials, metals, alloy glass, veneers and other materials of all kinds, whether synthetic or not, for trade and industry of every description.

3(a)(xiv) To carry on the business in all its branches of oil seeds and other seeds, edible oil, industrial oil, plant food, forestry plantation and sale of bio-technology.

3(a)(xx) To carry on the business in all its branches of manufacturers, producers, processors, buyers, sellers, importers, exporters, traders and dealers of convenience foods and processed foods of all kinds and every description.

3(a)(xxi) To manufacture, process, refine, buy, sell, deal, barter, import or export, whether as wholesalers or retailers or as principals or agents or brokers or otherwise, all kinds of personal care products, hair, skin, nail, eye and other beauty products, cosmetic products, cleansing compounds, baby care products, health care products, oral care products, shaving products, bath products, sanitary products, personal wash products, fabric wash products, laundry materials, home and industrial cleansing products, home care products etc., including but not limited to toiletries, perfumes, deodorants, pomades, powders, essences, lotions, creams, bleaches, conditioners, ointments, glycerine, oil, gel, hair dyes, shampoo, soaps, detergents, toothpastes, toothpowders, toothbrushes, dentifrice, and such other products and substances whether herbal, medicated, antiseptic or not, ingredients, by-products or accessories thereof and other materials required for the process, manufacture and use of the aforesaid products.”

(c) The Demerged Company is one of India's leading private sector companies and a diversified conglomerate with businesses spanning Fast Moving Consumer Goods (Cigarettes & Cigars, Branded Packaged Foods, Personal Care Products, Education & Stationery Products, Safety Matches and Agarbattis), Hotels, Paperboards, Paper and Packaging, and Agri Business.

(d) The Share Capital of the Demerged Company as on 31st March, 2024 is as follows:

Particulars	Amount in ₹
Authorised Share Capital	
2000,00,00,000 Ordinary Shares of ₹ 1/- each	2000,00,00,000
Issued, Subscribed and Paid-up Share Capital	
1248,47,21,471 Ordinary Shares of ₹ 1/- each, fully paid-up	1248,47,21,471

(e) The Issued, Subscribed and Paid-up Share Capital of the Demerged Company undergoes changes from time to time consequent to issue and allotment of shares under the Employee Stock Option Schemes of the Demerged Company. The Issued, Subscribed and Paid-up Share Capital of the Demerged Company has accordingly increased to ₹ 1248,47,21,471/- as on 31st March, 2024 from ₹ 1246,48,39,501/- as on the date of approval of the Scheme by the Board of Directors of the Demerged Company i.e., as on 14th August, 2023. There has been no change in the Authorised Share Capital of the Demerged Company.

(f) The last annual financial statements of the Demerged Company have been audited for the financial year ended 31st March, 2023. In accordance with the SEBI Listing Regulations, the Demerged Company has also published its unaudited financial results for the quarter and nine months ended 31st December, 2023 in the prescribed format, which are enclosed as **Annexure 2**. Subsequent to 31st December, 2023, there has been no substantial change in the financial position of the Demerged Company excepting those arising or resulting from the usual course of business.

(g) The details of the Directors of the Demerged Company as on the date of this Notice, along with their addresses, are mentioned herein below:

Sl. No.	Name	Category	Address
1.	Mr. Sanjiv Puri (00280529)	Chairman & Managing Director	Flat No. 9, Fountain Court 7/1 Little Russell Street, Middleton Row Kolkata 700 071
2.	Mr. Sumant Bhargavan (01732482)	Executive Director	Flat No. 8, Fountain Court 7/1 Little Russell Street, Middleton Row Kolkata 700 071
3.	Mr. Supratim Dutta (01804345)	Executive Director & Chief Financial Officer	Flat No. 27, Woodlands Syndicate 8/7 Alipore Road, Kolkata 700 027
4.	Mr. Hemant Malik (06435812)	Executive Director	Flat Nos. A1001 and A1002, Mudfort 8 MSO Colony, Jeevanhalli Main Road Maruthi Sevanagar, Bengaluru 560 005
5.	Mr. Shilabhadra Banerjee (02922331)	Independent Director	17 Catalpa Crescent, Turramurra NSW 2074, Australia
6.	Mr. Hemant Bhargava (01922717)	Independent Director	Flat No. C-1709, Satyen Nivaasa Mangalam Radiance, Near Fern Hotel Main Tonk Road, Jaipur 302 018
7.	Ms. Alka Marezbhan Bharucha (00114067)	Independent Director	7E, Harbour Heights A N. A. Sawant Marg, Colaba Mumbai 400 005
8.	Mr. Arun Duggal (00024262)	Independent Director	CM 821B, The Camellias DLF Golf Links, Gurugram 122 009
9.	Mr. Mukesh Gupta (06638754)	Non-Executive Director	MESI-402, Kesar Exotica Plot Nos. 264, 265 & 266, Sector 10 Kharghar, Navi Mumbai 410 210
10.	Mr. Rahul Jain (07442202)	Non-Executive Director	D-1/31, Bharti Nagar Maharshi Raman Marg New Delhi 110 003
11.	Mr. Shyamal Mukherjee (03024803)	Independent Director	A-24, Neeti Bagh, Andrewsganj New Delhi 110 049

Sl. No.	Name	Category	Address
12.	Mr. Anand Nayak (00973758)	Independent Director	Sadanand, 54 Residency Road 1st Cross, Bengaluru 560 025
13.	Mr. Sunil Panray (09251023)	Non-Executive Director	1207-250 Chemin De La Pointe-Sud Nun's Island, Verdun Quebec H3E0A8, Canada
14.	Ms. Nirupama Rao (06954879)	Independent Director	Apartment D, 1st Floor Spring Leaf Apartment 6 Brunton Cross Road Bengaluru 560 025
15.	Mr. Ajit Kumar Seth (08504093)	Independent Director	117 Sunder Nagar New Delhi 110 003
16.	Ms. Meera Shankar (06374957)	Independent Director	Tower 34, Flat No. 202 Commonwealth Games Village New Delhi 110 092
17.	Mr. Atul Singh (00060943)	Non-Executive Director	CM 822B, The Camellias DLF Golf Links, Gurugram 122 009
18.	Ms. Pushpa Subrahmanyam (01894076)	Independent Director	Flat No. 5154, Tower 5, Floor 15 Prestige High Fields, Nanakramguda Hyderabad 500 032

The Demerged Company does not have any Promoter.

- (h) The Ordinary Shares of the Demerged Company are listed on the National Stock Exchange of India Limited ('NSE'), BSE Limited ('BSE') and The Calcutta Stock Exchange Limited ('CSE') (hereinafter collectively referred to as 'Stock Exchanges'). The Global Depository Receipts of the Demerged Company are listed on the Luxembourg Stock Exchange.

II. Particulars of the Resulting Company:

- (a) The Resulting Company was incorporated on 28th July, 2023 under the provisions of the Act as a public company limited by shares. The Corporate Identification Number of the Resulting Company is U55101WB2023PLC263914 and its Permanent Account Number allotted by the Income Tax Department is AAHCI2404A. The Resulting Company has its Registered Office at Virginia House, 37 Jawaharlal Nehru Road, Kolkata 700 071 in the State of West Bengal, India. The email address of the Resulting Company is investorservices@itchotels.in. Since incorporation, there has been no change in the Objects Clause, name and registered office of the Resulting Company.

- (b) The main objects of the Resulting Company are contained in Clause 3 of its Memorandum of Association.

They are as follows:

“3(a)(i) To carry on the business as hoteliers, hotel proprietors, hotel managers and operators, refreshment contractors and caterers, restaurant keepers, refreshment room proprietors, cafe and tavern proprietors, lodging house proprietors, ice-cream merchants, sweetmeat merchants, bakers, confectioners, professional merchants, food and beverages merchants, licensed victuallers, wine and spirit merchants, blenders and bottlers including the business of buying, selling, owning, operating and maintaining, taking on or giving out on lease or licence, of hotels and resorts of all kinds, including sports resorts, fun parks, restaurants, holiday resorts, rest-houses, entertainment, amusement and sports centres, health farms, spas and salons, farm houses, town houses, residences, service apartments, health clubs, golf courses and villas, swimming pools and water sport facilities, beach resorts, shopping malls and plazas, convention centres, exhibition venues, commercial centres, business centres and conveniences of all kinds and descriptions.

3(a)(ii) To purchase, erect, acquire, manage or in any other manner and in all its aspects deal in, hotels and lodging houses of every kind and sort, including all the conveniences, amenities and facilities adjunct thereto, in India or any other part of the world.”

- (c) The Resulting Company is a newly incorporated company with the main object of carrying on the business of hotels and hospitality. The Resulting Company will undertake such business upon the Scheme becoming effective.

- (d) The Share Capital of the Resulting Company as on 31st March, 2024 is as follows:

Particulars	Amount in ₹
Authorised Share Capital	
250,00,00,000 Equity Shares of ₹ 1/- each	250,00,00,000
Issued, Subscribed and Paid-up Share Capital	
83,00,00,000 Equity Shares of ₹ 1/- each, fully paid-up	83,00,00,000

There has been no change in the Authorised, Issued, Subscribed and Paid-up Share Capital of the Resulting Company.

- (e) The Resulting Company has prepared its first financial statements for the period from 28th July, 2023 to 31st March, 2024. The said audited financial statements are enclosed as **Annexure 3**. Subsequent to 31st March, 2024, there has been no substantial change in the financial position of the Resulting Company.

- (f) The details of the Directors of the Resulting Company as on the date of this Notice, along with their addresses, are mentioned herein below:

Sl. No.	Name	Category	Address
1.	Mr. Sanjiv Puri (00280529)	Chairman & Non-Executive Director	Flat No. 9, Fountain Court 7/1 Little Russell Street, Middleton Row Kolkata 700 071
2.	Mr. Anil Chadha (08073567)	Non-Executive Director	Apartment No. PNC - 063 The Pinnacle, DLF Phase 5 Sector 43, Chakarpur 74 Gurugram 122 002
3.	Mr. Supratim Dutta (01804345)	Non-Executive Director	Flat No. 27, Woodlands Syndicate 8/7 Alipore Road, Kolkata 700 027
4.	Mr. Prathivadibhayankara Rajagopalan Ramesh (01915274)	Non-Executive Director	532, Defence Colony, Sainikpuri Secunderabad 500 094
5.	Mr. Rajendra Kumar Singhi (00009931)	Non-Executive Director	Flat No. 5EE, Mani Karn 3B Rammohan Mullick Garden Lane Kolkata 700 010

ITC Limited (Demerged Company) having its registered office at Virginia House, 37 Jawaharlal Nehru Road, Kolkata 700 071, is the Promoter of the Resulting Company.

- (g) Presently, the Equity Shares of the Resulting Company are not listed on any Stock Exchange.

4. **Salient features of the Scheme**

The salient features of the Scheme are stated below. The capitalised terms used in the salient features shall have the same meaning as ascribed to them in Clause 5 of Part B of the Scheme and the salient features are to be read subject to the same rules of interpretation as stated in Clause 6 of Part B of the Scheme.

- (a) The Scheme, inter alia, provides for demerger of the Demerged Undertaking comprising the Hotels Business of the Demerged Company, along with all properties, rights, powers, encumbrances, debts, liabilities, duties and obligations relating to the Demerged Undertaking, into the Resulting Company on a going concern basis and in consideration, the consequent issuance of equity shares by the Resulting Company to all the shareholders of the Demerged Company as per the Share Entitlement Ratio i.e., for every 10 Ordinary Shares of face and paid-up value of ₹ 1/- each held in the Demerged Company, 1 Equity Share of face and paid-up value of ₹ 1/- of the Resulting Company, in accordance with the provisions of Sections 230 to 232 and other applicable provisions of the Act and Section 2(19AA) read with other relevant provisions of the IT Act.

- (b) The Scheme shall be operative from the 'Effective Date', being the date which will be the first day of the month following the month in which Companies mutually acknowledge in writing that all the conditions and matters referred to in Clause 28.1 of the Scheme have occurred or have been fulfilled, obtained or waived, as applicable.
- (c) Appointed Date shall mean the same date as the Effective Date or such other date as may be mutually agreed by the Companies. The Scheme shall be effective from the Appointed Date and shall be operative from the Effective Date.
- (d) The Remaining Business shall continue to belong to and be vested in and be managed by the Demerged Company.
- (e) On the Scheme becoming effective, all Demerged Employees shall be deemed to have become employees of the Resulting Company on and from the Appointed Date, on terms and conditions of employment no less favourable than those applicable to them with reference to their employment in the Demerged Company.
- (f) All Equity Shares of the Resulting Company will be listed and / or admitted to trading on the NSE and BSE, which have nation-wide trading terminals.
- (g) Fractional entitlements, if any, consequent to allotment of New Equity Shares by the Resulting Company shall be consolidated and thereupon allotted in lieu thereof to trustee(s) authorised by the Board of Directors of the Resulting Company in this behalf who shall sell the same within 90 days from the date of allotment at such price or prices, as the trustee(s) deems fit, and distribute the net sale proceeds, after deductions of applicable Taxes and expenses incurred, in proportion to the respective fractional entitlements of the Shareholders.
- (h) The Employee Stock Options granted (whether vested or not) by the Demerged Company will continue to be governed by the provisions of its ESOP Schemes. In addition, the Resulting Company shall formulate new special purpose employee stock option scheme(s) in accordance with the provisions mentioned in the Scheme. After the Scheme becoming effective, for every 10 (ten) stock options outstanding as on the Record Date in the Demerged Company, each eligible employee shall be issued 1 (one) stock option (including fractional entitlements) by the Resulting Company under its ESOP Scheme, on the terms and conditions similar to the ESOP Schemes of the Demerged Company.

Note: The above details are only salient features of the Scheme. Shareholders are requested to read the entire text of the Scheme which is enclosed as Annexure 1 to get fully acquainted with the provisions thereof.

5. **Relationship subsisting between Parties to the Scheme**

The Resulting Company is presently a wholly owned subsidiary of the Demerged Company.

6. **Board approvals**

- (a) The Board of Directors of the Demerged Company at its Meeting held on 14th August, 2023 by unanimous resolution approved the Scheme. The names of the then Directors and their manner of voting are set out below:

Sl. No.	Name of Director	Voted in favour / against / did not participate or vote
1.	Mr. Sanjiv Puri	Voted in favour
2.	Mr. Nakul Anand	Voted in favour
3.	Mr. Sumant Bhargavan	Voted in favour
4.	Mr. Supratim Dutta	Voted in favour
5.	Mr. Hemant Malik	Voted in favour
6.	Mr. Shilabhadra Banerjee	Voted in favour
7.	Mr. Hemant Bhargava	Voted in favour
8.	Ms. Alka Marezban Bharucha	Voted in favour
9.	Mr. Arun Duggal	Voted in favour
10.	Mr. Mukesh Gupta	Voted in favour
11.	Mr. Shyamal Mukherjee	Voted in favour
12.	Mr. Anand Nayak	Voted in favour
13.	Mr. Sunil Panray	Voted in favour
14.	Ms. Nirupama Rao	Voted in favour
15.	Mr. Ajit Kumar Seth	Voted in favour
16.	Ms. Meera Shankar	Voted in favour
17.	Mr. David Robert Simpson	Voted in favour
18.	Mr. Peter Rajatilakan Chittaranjan *	N.A.

* Did not attend the Board Meeting.

- (b) The Board of Directors of the Resulting Company at its Meeting held on 14th August, 2023 by unanimous resolution approved the Scheme. The names of the then Directors and their manner of voting are set out below:

Sl. No.	Name of Director	Voted in favour / against / did not participate or vote
1.	Mr. Karthik Bhanu	Voted in favour
2.	Ms. Ushasi Das	Voted in favour
3.	Mr. Mayur Dogra	Voted in favour
4.	Mr. Rajesh Poddar	Voted in favour

7. **Interest of Directors, Key Managerial Personnel ('KMP') and their relatives**

- (a) None of the Directors and KMPs of the Demerged Company and the Resulting Company, and their relatives, have any concern or interest in the Scheme, except to the extent of their shareholding, if any, in the said companies.
- (b) None of the Directors and KMPs of the said companies and their relatives hold more than 2% of the paid-up share capital of the Demerged Company. Further, none of them hold any shares in the Resulting Company.

The Registers of Directors and Key Managerial Personnel and their shareholding of the Demerged Company and the Resulting Company will be available for inspection at the Registered Office of the Demerged Company between 10.00 a.m. to 2.00 p.m. on any working day up to the date of the Meeting, for which purpose Shareholders are required to send an e-mail to the Executive Vice President & Company Secretary at itchotelsdemerger@itc.in.

8. **Effect of the Scheme on the stakeholders**

The effect of the Scheme on various stakeholders is summarised below:

(a) **Shareholders, KMPs, Promoter and Non-Promoter Shareholders**

The effect of the Scheme on the Shareholders, KMPs, Promoter and Non-Promoter Shareholders of the Demerged Company and the Resulting Company is given in the Reports adopted by the respective Board of Directors of the said companies at their Meetings held on 14th August, 2023, pursuant to the provisions of Section 232(2)(c) of the Act. The said Reports are enclosed as **Annexure 4**.

(b) **Directors**

- (i) The Scheme will have no effect on the office of the existing Directors of the Demerged Company and the Resulting Company. Further, no change in the Board of the Directors of the Demerged Company and the Resulting Company is envisaged on account of the Scheme. It is clarified that the composition of the Board of Directors of the Demerged Company and the Resulting Company may change by appointments, retirements or resignations in accordance with the provisions of the Act, SEBI Listing Regulations, other applicable laws, and the Memorandum and Articles of Association of these companies.

- (ii) The effect of the Scheme on the Directors of the Demerged Company and the Resulting Company in their capacity as shareholders of the said companies is the same as in case of other shareholders of the said companies, as mentioned in the aforesaid Reports enclosed as Annexure 4.

(c) Employees

- (i) On the Scheme becoming effective, all employees of the Demerged Company who are engaged in or relate to the Demerged Undertaking as on the Effective Date shall be deemed to have become employees of the Resulting Company on and from the Appointed Date, on terms and conditions of employment no less favourable than those applicable to them with reference to their employment in the Demerged Company, as provided in Clause 10 of the Scheme.
- (ii) The Scheme will have no effect on the existing employees of the Resulting Company.

(d) Creditors

- (i) The demerger of the Demerged Undertaking from the Demerged Company into the Resulting Company will not adversely impact the rights and interests of the creditors of the Demerged Company and the Resulting Company.
- (ii) The creditors of the Demerged Company not forming part of the Demerged Undertaking shall continue to be the creditors of the Demerged Company and shall be paid in the ordinary course of business by the Demerged Company.
- (iii) The creditors of the Demerged Company relating to the Demerged Undertaking will cease to be creditors of the Demerged Company and become creditors of the Resulting Company on the same terms and conditions, as before, and shall be paid in the ordinary course of business by the Resulting Company.
- (iv) The effect of the Scheme on creditors is further detailed in paragraph 10(b).

(e) Debenture holders, Debenture Trustees, Depositors and Deposit Trustees

The Demerged Company and the Resulting Company have neither issued any debentures nor taken any public deposits. Hence, there are no debenture holders, debenture trustees, depositors and deposit trustees.

There will be no adverse effect on account of the Scheme on the aforesaid stakeholders. The Scheme is proposed to the advantage of all concerned, including the said stakeholders.

9. **No investigation proceedings**

There are no proceedings pending under Sections 210 to 227 of the Act against the Demerged Company and / or the Resulting Company.

10. **Amounts due to creditors**

- (a) The Demerged Company and the Resulting Company do not have any secured creditor. The respective amounts due to unsecured creditors as on 31st December, 2023 are as follows:

Sl. No.	Company	Amount (₹ in crores)
1.	Demerged Company	2,101.13
2.	Resulting Company	2.39

- (b) The Scheme embodies the arrangement between the Demerged Company and the Resulting Company and their respective shareholders. No change in value or terms or any compromise or arrangement is proposed under the Scheme with any of the creditors of the Demerged Company and the Resulting Company. The Tribunal has therefore dispensed with the meetings of the unsecured creditors of the Demerged Company and the Resulting Company to consider the Scheme, since there is no compromise or arrangement with them and their rights are not affected by the Scheme in any manner. The Scheme does not involve any debt restructuring and hence, the requirement to disclose details of debt restructuring is not applicable.

11. Summary of Share Entitlement Ratio Report and Fairness Opinion

- (a) The Share Entitlement Ratio in consideration for the demerger has been fixed on a fair and reasonable basis, based on the Share Entitlement Ratio Report dated 14th August, 2023 issued by Messrs. PwC Business Consulting Services LLP (IBBI Registered Valuer No.: IBBI/RV-E/02/2022/158), which is enclosed as **Annexure 5**.
- (b) Messrs. Kotak Mahindra Capital Company Limited, an independent SEBI Registered Category I Merchant Banker (SEBI Registration No. INM000008704) in their Fairness Opinion dated 14th August, 2023, has also opined that the Share Entitlement Ratio is fair and reasonable from a financial point of view to the Shareholders of the Demerged Company. The said Fairness Opinion is enclosed as **Annexure 6**.
- (c) The Share Entitlement Ratio has been determined considering that upon allotment of Equity Shares by the Resulting Company to the Shareholders of the Demerged Company, it is envisaged that ~60% equity shareholding in the Resulting Company would be directly owned by the Shareholders of the Demerged Company in the same proportion as their shareholding in the Demerged Company as on the Record Date, with the remaining ~40% equity shareholding to continue being held by the Demerged Company. Accordingly, Shareholders of the Demerged Company will continue to hold 100% beneficial economic interest of the Demerged Undertaking / Resulting Company, i.e. ~60% directly and balance ~40% through their shareholding in the Demerged Company. The method used to arrive at the entitlement ratio is summarised below:

	Particulars	Value
A.	Existing number of Equity Shares of the Resulting Company having face value of ₹ 1/- each	83,00,00,000
B.	Post demerger, equity stake the Demerged Company intends to hold in the Resulting Company	~40%
C.	Expected total number of Equity Shares of ₹ 1/- of the Resulting Company. This considers the existing number of Equity Shares of the Resulting Company (as stated in A above) and the proposed equity stake corresponding to such existing Equity Shares (as stated in B above) (i.e. A ÷ B)	207,50,00,000
D.	Number of Equity Shares of the Resulting Company to be issued to the Shareholders of the Demerged Company for the balance ~60% equity stake in the Resulting Company, pursuant to the Scheme (C - A)	124,50,00,000
E.	Total number of outstanding Ordinary Shares of the Demerged Company (as on the date of approval of the Scheme)	1246,48,39,501
	Share Entitlement Ratio: Total number of outstanding Ordinary Shares of the Demerged Company divided by the total number of Equity Shares of the Resulting Company required to be issued for the balance ~60% stake in the Resulting Company (rounded off) (E ÷ D)	10

(d) The Share Entitlement Ratio has accordingly been recommended as follows:

For every 10 (Ten) fully paid-up Ordinary Shares having face value of ₹ 1/- each of the Demerged Company, 1 (One) fully paid-up Equity Share having face value of ₹ 1/- each of the Resulting Company.

(e) The Share Entitlement Ratio shall not be adjusted on account of any variation in the Paid-up Share Capital of the Demerged Company due to issue and allotment of Shares on account of exercise of Stock Options as part of the normal business operations, prior to the Effective Date.

(f) The proposed demerger will not have any impact on the beneficial economic interest of the Shareholders of the Demerged Company as they would continue to have the same beneficial economic interest in the Hotels Business and the Resulting Company, by way of indirect ~40% equity ownership of the Resulting Company through the Demerged Company, and direct ~60% equity ownership of the Resulting Company. In view of the same, valuation of the Demerged Company, the Resulting Company and the Hotels Business has no bearing on the recommended Share Entitlement Ratio and therefore, such valuation was not required to be undertaken.

(g) The Audit Committee of the Demerged Company at its Meeting held on 14th August, 2023 has recommended the Scheme, including the Share Entitlement Ratio, after taking into consideration, inter alia, the aforesaid Report and Opinion. The Independent Directors Committee of the Demerged Company at its Meeting held on 14th August, 2023 has also recommended the Scheme.

12. Shareholding and Capital Structure of the Demerged Company and the Resulting Company

(a) The pre-arrangement shareholding pattern of the Demerged Company and the pre / post-arrangement shareholding pattern of the Resulting Company as on 31st March, 2024, are given in the table below. There will be no change in the shareholding pattern of the Demerged Company consequent to the Scheme.

Sl. No.	Description	Demerged Company		Resulting Company			
		(Pre and Post arrangement)		Pre-arrangement		Post-arrangement	
		No. of Shares	%	No. of Shares	%	No. of Shares	%
(A)	Promoter and Promoter Group						
(1)	Indian						
(a)	Individuals / Hindu Undivided Family	0	0.00	6	0.00	0	0.00
(b)	Central Government / State Government(s)	0	0.00	0	0.00	0	0.00
(c)	Financial Institutions / Banks	0	0.00	0	0.00	0	0.00
(d)	Any Other	0	0.00	82,99,99,994	100.00	83,00,00,000	39.93
	– Bodies Corporate	0	0.00	82,99,99,994	100.00	83,00,00,000	39.93
	Sub-Total (A)(1)	0	0.00	83,00,00,000	100.00	83,00,00,000	39.93

Sl. No.	Description	Demerged Company		Resulting Company			
		(Pre and Post arrangement)		Pre-arrangement		Post-arrangement	
		No. of Shares	%	No. of Shares	%	No. of Shares	%
(2)	Foreign						
(a)	Individuals	0	0.00	0	0.00	0	0.00
(b)	Bodies Corporate	0	0.00	0	0.00	0	0.00
(c)	Institutions	0	0.00	0	0.00	0	0.00
(d)	Any Other	0	0.00	0	0.00	0	0.00
	Sub-Total (A)(2)	0	0.00	0	0.00	0	0.00
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	0	0.00	83,00,00,000	100.00	83,00,00,000	39.93
(B)	Public						
(1)	Institutions						
(a)	Mutual Funds	144,22,81,721	11.55	0	0.00	14,42,28,172	6.94
(b)	Financial Institutions / Banks	98,44,43,950	7.89	0	0.00	9,84,44,395	4.74
(c)	Venture Capital Funds	0	0.00	0	0.00	0	0.00
(d)	Insurance Companies	251,45,49,148	20.14	0	0.00	25,14,54,915	12.10
(e)	Foreign Portfolio Investors (including Foreign Institutional Investors)	192,68,60,640	15.43	0	0.00	19,26,86,064	9.27
(f)	Foreign Venture Capital Investors	0	0.00	0	0.00	0	0.00
(g)	Alternate Investment Funds	2,54,67,512	0.20	0	0.00	25,46,751	0.12
(h)	Any Other	367,78,61,896	29.46	0	0.00	36,77,86,190	17.70
	– Provident / Pension Funds	15,40,93,665	1.24	0	0.00	1,54,09,367	0.74
	– QIB - Insurance Company (Registered)	32,56,78,987	2.61	0	0.00	3,25,67,899	1.57
	– Insurance Funds – Dept. of Post India	1,48,90,741	0.12	0	0.00	14,89,074	0.07

Sl. No.	Description	Demerged Company		Resulting Company			
		(Pre and Post arrangement)		Pre-arrangement		Post-arrangement	
		No. of Shares	%	No. of Shares	%	No. of Shares	%
	– NBFCs registered with RBI	4,35,810	0.00	0	0.00	43,581	0.00
	– Foreign Direct Investment	318,27,62,693	25.49	0	0.00	31,82,76,269	15.32
	Sub-Total (B)(1)	1057,14,64,867	84.67	0	0.00	105,71,46,487	50.87
(2)	Central Government / State Government(s)	47,09,931	0.04	0	0.00	4,70,993	0.02
	Sub-Total (B)(2)	47,09,931	0.04	0	0.00	4,70,993	0.02
(3)	Non-Institutions						
(a)	Bodies Corporate	11,80,34,430	0.94	0	0.00	1,18,03,443	0.57
(b)	Individuals -						
i.	Individual shareholders holding nominal share capital up to ₹ 2 lakhs	145,90,60,439	11.69	0	0.00	16,23,17,563	7.81
ii.	Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs	17,41,78,715	1.40	0	0.00	12,30,881	0.06
(c)	Any Other	15,12,84,258	1.21	0	0.00	1,49,03,897	0.71
	– Directors and their Relatives (excluding Non-Executive Directors)	23,71,674	0.02	0	0.00	12,639	0.00
	– NRIs	10,82,48,108	0.87	0	0.00	1,08,24,811	0.52
	– Foreign Nationals	2,22,120	0.00	0	0.00	22,212	0.00
	– Trust	71,37,350	0.06	0	0.00	7,13,735	0.03
	– Clearing Members / House	58,36,640	0.04	0	0.00	5,83,664	0.03
	– Investor Education and Protection Fund, MCA	2,74,68,366	0.22	0	0.00	27,46,837	0.13
	Sub-total (B)(3)	190,25,57,842	15.24	0	0.00	19,02,55,784	9.15
	Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)	1247,87,32,640	99.95	0	0.00	124,78,73,264	60.04
	TOTAL (A)+(B)	1247,87,32,640	99.95	0	0.00	207,78,73,264	99.97

Sl. No.	Description	Demerged Company		Resulting Company			
		(Pre and Post arrangement)		Pre-arrangement		Post-arrangement	
		No. of Shares	%	No. of Shares	%	No. of Shares	%
(C)	Shares held by Custodians and against which DRs have been issued	59,88,831	0.05	0	0.00	5,98,883	0.03
	GRAND TOTAL (A)+(B)+(C)	1248,47,21,471	100.00	83,00,00,000	100.00	207,84,72,147	100.00

(b) The pre-arrangement capital structure of the Demerged Company and the Resulting Company is given in paragraphs 3.I(d) and 3.II(d). There will be no change in the capital structure of the Demerged Company consequent to the Scheme. The post-arrangement capital structure of the Resulting Company (based on the shareholding pattern of the Demerged Company as on 31st March, 2024) will be as follows:

Particulars	Amount in ₹
Authorised Share Capital	
250,00,00,000 Equity Shares of ₹ 1/- each	250,00,00,000
Issued, Subscribed and Paid-up Share Capital	
207,84,72,147 Equity Shares of ₹ 1/- each, fully paid-up	207,84,72,147

13. Auditors' Certificates of conformity of accounting treatment in the Scheme with the Accounting Standards

The respective Statutory Auditors of the Demerged Company and the Resulting Company have confirmed that the accounting treatment specified in the Scheme is in conformity with the Accounting Standards prescribed under Section 133 of the Act.

14. No-objection of the Stock Exchanges

The Demerged Company had filed the Scheme with NSE, BSE and CSE in terms of the SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated 20th June, 2023 ('SEBI Circular') for their approval. Apart from the same, the Demerged Company had also submitted the Report of its Audit Committee on the Scheme and various other documents to the Stock Exchanges, and also displayed the same on its website in terms of the SEBI Circular and addressed all queries on the said documents.

Further, the Demerged Company did not receive any complaint relating to the Scheme and 'Nil' Complaint Reports were filed by the Demerged Company with the Stock Exchanges in terms of the SEBI Circular, copies of which are enclosed as **Annexure 7**. NSE and BSE by their respective Observation Letters dated 19th January, 2024 and CSE by its Observation Letter dated 22nd January, 2024 have given their no-objection to the Scheme. Copies of the said Observation Letters issued by the Stock Exchanges to the Demerged Company are enclosed as **Annexure 8**. The further documents and information, as advised by the Stock Exchanges, are also provided as under:

(a) **Annexure 9:** Details of ongoing adjudication and recovery proceedings, prosecution initiated, and all other enforcement action taken, if any, against the Demerged Company, its Promoters and Directors.

- (b) **Annexure 10:** Information pertaining to the Resulting Company in the format specified for abridged prospectus as provided in Part E of Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- (c) **Annexure 11:** Following information and documents as submitted to the Stock Exchanges by the Demerged Company:
 - (i) Details of assets, liabilities and revenue of the Demerged Company and the Resulting Company, both pre and post Scheme;
 - (ii) Details of assets, liabilities, revenue and net worth of the Demerged Undertaking, along with write up on the history of the Demerged Undertaking;
 - (iii) Net worth certificates along with Statements of assets and liabilities of the Demerged Company and the Resulting Company, both pre and post Scheme;
 - (iv) Comparison of revenue and net worth of the Demerged Undertaking with the total revenue and net worth of the Demerged Company for the last three financial years; and
 - (v) Need, rationale and synergies of the Scheme along with its impact on the Shareholders of the Demerged Company.

15. **Approvals and intimations in relation to the Scheme**

- (a) The details of approvals and no objections required for the proposed arrangement are mentioned in Clause 28 of the Scheme. The Stock Exchanges have since given their no-objection to the Scheme as mentioned in the preceding paragraph. Further, all shareholders of the Resulting Company have given their consent to the Scheme, and therefore, the Tribunal has dispensed with the meeting of the shareholders of the Resulting Company. The companies are in the process of obtaining other approvals and no objections from regulatory and / or government authorities, as required.
- (b) The Scheme, if approved at this Meeting, will be subject to subsequent sanction of the Tribunal and such other approval(s), permission(s) and sanction(s) of regulatory or other authorities, as may be necessary.
- (c) The Demerged Company and the Resulting Company confirm that they have filed the Scheme with the Registrar of Companies, West Bengal. Further, the Demerged Company confirms that the Notice of the Scheme in the prescribed form is also being served on all the Authorities in terms of the Tribunal Order dated 22nd April, 2024.

16. **Inspection of Documents**

In addition to the documents annexed hereto, copies of the following documents will be available for inspection through electronic mode on the Company's corporate website at <https://www.itcportal.com/proposed-demerger> and also at the Registered Office of the Demerged Company between 10.00 a.m. to 2.00 p.m. on any working day up to the date of the Meeting, for which purpose Shareholders are required to send an e-mail to the Executive Vice President & Company Secretary at itchotelsdemerger@itc.in :

- (a) Copy of the Scheme of Arrangement amongst ITC Limited and ITC Hotels Limited and their respective shareholders and creditors;

- (b) Order dated 22nd April, 2024 passed by the Tribunal in Company Application (CAA) No. 56/KB/2024;
- (c) Memorandum and Articles of Association of the Demerged Company and the Resulting Company;
- (d) Audited Standalone and Consolidated Financial Statements of the Demerged Company for the financial year ended 31st March, 2023;
- (e) Unaudited Standalone and Consolidated Financial Results of the Demerged Company for the quarter and six months ended 30th September, 2023;
- (f) Unaudited Financial Statements of the Resulting Company for the period ended 31st December, 2023;
- (g) Certificates from the respective Statutory Auditors of the Demerged Company and the Resulting Company confirming that the accounting treatment specified in the Scheme is in conformity with the Accounting Standards prescribed under Section 133 of the Act;
- (h) Reports of the Audit Committee and the Independent Directors Committee of the Demerged Company dated 14th August, 2023 recommending the Scheme;
- (i) Share Entitlement Ratio Report dated 14th August, 2023 issued by Messrs. PwC Business Consulting Services LLP;
- (j) Fairness Opinion dated 14th August, 2023 issued by Messrs. Kotak Mahindra Capital Company Limited;
- (k) Applicable additional information submitted by the Demerged Company to the Stock Exchanges while processing the Scheme and as advised by SEBI vide e-mail dated 21st September, 2023;
- (l) Net worth certificates of the Demerged Company and the Resulting Company as on 31st December, 2023, both pre and post Scheme;
- (m) All other documents displayed on the Demerged Company's website in terms of the SEBI Circular.

Shareholders can also obtain extract(s) from or copy(ies) of the documents listed above.

Based on the above, and considering the rationale and benefits, in the opinion of the Board of Directors, the Scheme will be of advantage to, beneficial and in the best interests of the companies and their respective shareholders, creditors, employees and other stakeholders, and the terms thereof are fair and reasonable. The Board of Directors of the Demerged Company recommends the Scheme for the approval of its Shareholders.

Sd/-

Dr. (h.c.) CS & Advocate Mamta Binani

Chairperson appointed by
the Tribunal for the Meeting

Dated: 30th April, 2024

CERTIFIED TRUE COPY

SCHEME OF ARRANGEMENT

ITC Limited

 (R. K. Singh)
 Executive Vice President
 & Company Secretary

AMONGST
 ITC LIMITED
 AND
 ITC HOTELS LIMITED
 AND

ITC HOTELS LIMITED

 Director

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

UNDER SECTIONS 230-232 READ WITH OTHER APPLICABLE PROVISIONS OF
 THE COMPANIES ACT, 2013

1. PARTS OF THE SCHEME

1.1 The Scheme (*as defined hereinafter*) is divided into following parts:

- (i) **Part A** deals with background of the Companies (*as defined hereinafter*), rationale and objective and overview of the Scheme;
- (ii) **Part B** deals with the definitions, interpretation and share capital structure of the Companies;
- (iii) **Part C** deals with vesting of the Demerged Undertaking (*as defined hereinafter*) into the Resulting Company (*as defined hereinafter*) on a going concern basis in accordance with Sections 230 to 232 and other applicable provisions of the Act (*as defined hereinafter*) and in accordance with Section 2(19AA) and other applicable provisions of the IT Act (*as defined hereinafter*) and other matters consequential or otherwise integrally connected therewith, including changes to the share capital and securities premium account of the Resulting Company;
- (iv) **Part D** deals with the general terms and conditions applicable to the Scheme.

PART A - GENERAL

2. PREAMBLE

2.1 This scheme of arrangement is presented under Sections 230 to 232 and other applicable provisions of the Act amongst ITC Limited ("ITC"), ITC Hotels Limited ("ITC Hotels"), and their respective shareholders and creditors.

2.2 The Scheme, *inter alia*, provides for:

- (i) the Demerger (*as defined hereinafter*) of the Demerged Undertaking comprising the Hotels Business (*as defined hereinafter*) of ITC, i.e. the Demerged Company (*as defined hereinafter*) into ITC Hotels, i.e. the Resulting Company on a going concern basis and in consideration, the consequent issuance of equity shares (*as defined hereinafter*) by the Resulting Company to all the shareholders of the Demerged Company as per the Share Entitlement Ratio (*as defined hereinafter*), and in accordance with the provisions of Section 2(19AA) read with other relevant provisions of the IT Act;



- (ii) various other matters consequential or otherwise integrally connected therewith, including changes to the share capital and securities premium account of the Resulting Company, pursuant to provisions of Sections 230 to 232 read with other applicable/relevant provisions of the Act and in compliance with the provisions of the IT Act and other applicable regulatory requirements;

each in the manner as more particularly described in this Scheme.

3. BACKGROUND

3.1 ITC Limited was incorporated on August 24, 1910 as The Imperial Tobacco Company of India Limited under the provisions of the Indian Companies Act, 1882. Subsequently, its name was changed to India Tobacco Company Limited on May 20, 1970, to I.T.C. Limited on March 30, 1974 and to ITC Limited on September 18, 2001. ITC is a public limited company within the meaning of the Act, having CIN: L16005WB1910PLC001985. Its registered office is at Virginia House, 37 Jawaharlal Nehru Road, Kolkata, West Bengal, 700071. ITC is one of India's leading private sector companies and a diversified conglomerate with businesses spanning Fast-Moving Consumer Goods, Hotels, Paperboards, Paper and Packaging, and Agri Business. The Ordinary Shares (*as defined hereinafter*) of ITC are listed on the Stock Exchanges (*as defined hereinafter*) and its GDRs (*as defined hereinafter*) are listed on the Luxembourg Stock Exchange.

3.2 ITC Hotels Limited was incorporated on July 28, 2023 under the provisions of the Companies Act, 2013 and is a public limited company within the meaning of the Act having CIN: U55101WB2023PLC263914. Its registered office is at Virginia House, 37 Jawaharlal Nehru Road, Kolkata, West Bengal, 700071. ITC Hotels is a wholly owned subsidiary of ITC. The main object of ITC Hotels is 'hotels and hospitality'.

4. RATIONALE AND OBJECTIVE OF THE SCHEME

4.1 The Demerged Company is a diversified company engaged in various businesses including hotels. The Hotels Business of the Demerged Company includes ownership/ licensing/ management of several hotel properties and providing services including accommodation, dining, banqueting, etc.

4.2 The Hotels Business of the Demerged Company has matured over the years and is well poised to chart its own growth path and operate as a separate listed entity in the fast-growing hospitality industry whilst continuing to leverage the Demerged Company's institutional strengths, strong brand equity and goodwill. Therefore, the Scheme is being proposed to segregate Hotels Business from the Remaining Business (*as defined hereinafter*) of the Demerged Company and demerge it into the Resulting Company. The proposed Scheme would be in the best interests of the Companies and their respective shareholders, employees, creditors and other stakeholders for the following reasons:

- (i) The confluence of favourable factors such as rising societal aspirations, strong macro-economic fundamentals of the country, Government of India's thrust on the Travel & Tourism industry and infrastructure creation along with rapid digitalization present immense opportunities for the Hotels Business going forward, though distinct from the other businesses of the Demerged Company.
- (ii) In light of the distinctive profile of the hospitality industry, housing the Hotels Business in a separate listed entity would enable crafting of the next horizon of growth and sustained value creation for shareholders through sharper focus on the business anchored on a differentiated strategy aligned with industry specific market dynamics.



- (iii) The Resulting Company is a newly incorporated entity which will have the ability to raise capital from equity and debt markets towards funding its growth requirements.
- (iv) The Resulting Company as a focused entity would attract the right sets of investors, strategic partners and collaborations, whose investment strategies and risk profiles are aligned more sharply with the hospitality industry.
- (v) The Scheme would unlock value of the Hotels Business for existing shareholders of the Demerged Company through independent market driven valuation of their shares in the Resulting Company which will be listed pursuant to the Scheme, along with the option and flexibility to remain invested in a pure play hospitality focused listed entity.
- (vi) The Scheme will ensure long term stability and strategic support to the Resulting Company and also enable the leveraging of cross synergies between the two Companies.

PART B - DEFINITIONS, INTERPRETATION AND SHARE CAPITAL STRUCTURE

5. DEFINITIONS

5.1 In this Scheme, unless inconsistent with or repugnant to the subject or context, (i) capitalized terms defined by inclusion in quotations and/or the parenthesis have the meaning so ascribed; and (ii) the following expressions shall have the meanings respectively assigned against them:

- (i) **“Act”** means the Companies Act, 2013;
- (ii) **“Applicable Law(s)”** means any applicable statute, enactment, law, regulation, ordinance, rule, judgment, order, decree, policy, clearance, approval, directive, guideline, press notes, requirement, writ, injunction, directions, judgement, arbitral award, decree, approvals or any similar form of determination by or decision of or agreements with any Appropriate Authority, in each case having the force of law, and is binding or applicable to a person, whether in effect as of the date on which this Scheme has been approved by the Boards or at any time thereafter;
- (iii) **“Appointed Date”** means the same date as the Effective Date or such other date as may be mutually agreed by the Companies;
- (iv) **“Appropriate Authority”** means and includes, whether in or outside India (as applicable): (a) any national, state, territory, provincial, district, local or similar governmental, statutory, regulatory, administrative authority, agency, board, branch, commission, department or public body or authority, tribunal or court or other entity, in each case authorized to make laws, rules, regulations, standards, requirements, procedures or to pass directions or orders, in each case having the force of law; (b) any non-governmental regulatory or administrative authority, body or other organization to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organization have the force of law; (c) any stock exchange of India or any other country, the Registrar of Companies, Regional Director, Ministry of Corporate Affairs, RBI, SEBI, Official Liquidator, NCLT, and any other sectoral regulators or authorities as may be applicable; and (d) any body exercising executive, legislative, judicial, regulatory or administrative functions including delegated function/ authority of or pertaining to government, including any other government authority, agency,



department, board, commission or instrumentality or any political sub-division thereof or an arbitrator and any self-regulatory organization;

- (v) **"Board"** in respect of a Company, means the board of directors of such Company at the relevant time, and, unless it is repugnant to the context, shall include a committee duly constituted and/or any other person authorized by the Board or its committee;
- (vi) **"BSE"** means BSE Limited;
- (vii) **"Companies"** means the Resulting Company and the Demerged Company collectively, and **"Company"** means any one of them as the context may require;
- (viii) **"CSE"** means The Calcutta Stock Exchange Limited;
- (ix) **"Demerged Company"** means ITC;
- (x) **"Demerged Company GDR"** shall mean the GDRs issued by the Demerged Company, pursuant to the deposit agreement executed by the Demerged Company with the Depositary (as amended or restated from time to time) and as are outstanding as of the Record Date;
- (xi) **"Demerged Employees"** means all the employees of the Demerged Company who are engaged in or relate to the Demerged Undertaking as on the Effective Date;
- (xii) **"Demerged Liabilities"** shall have the meaning set out in Clause 9.2.2;
- (xiii) **"Demerged Undertaking"** means all the businesses, undertakings, activities, operations and properties of the Demerged Company, of whatsoever nature and kind and wheresoever situated, related to or pertaining to the conduct of, or the activities of, the Hotels Business as on the Appointed Date, on a going concern basis, whether in or outside India, including but not limited to, the following:
 - (a) all immovable properties and rights thereto i.e. land together with the buildings and structures standing thereon (including capital work in progress), whether freehold, leasehold, leave and licensed, right of way, tenancies or otherwise including all rights and interests in the hotels, roads, gardens, drains and culverts, civil works, foundations for civil works, buildings, warehouses, offices, apartments, complexes, residential and other premises etc. related to the Hotels Business, unless otherwise mutually determined by the Boards of Demerged Company and Resulting Company, in accordance with Clause 9.1.1(iv) below, and all documents (including panchnamas, declarations, deeds or receipts) of title, rights and easements in relation thereto and all rights, covenants, continuing rights, title and interest, benefits and interests of rental agreements for lease or license or other rights to use of premises, in connection with the said immovable properties;
 - (b) all assets, as are movable in nature and which form part of the Hotels Business, whether present or future or contingent, tangible or intangible, in possession or not, corporeal or incorporeal, in each case, wherever situated, whether or not recorded in the books of accounts of the Demerged Company, (including capital work in progress, plant and machinery, furniture, fixtures, computers, air conditioners, appliances, accessories, office equipment, communication facilities, installations, vehicles),



actionable claims, earnest monies and sundry debtors, prepaid expenses, bills of exchange, promissory notes, financial assets including liquid investments related to the Hotels Business, receivables, investments held in the Hospitality Entities, outstanding loans and advances, recoverable in cash or in kind or for value to be received, receivables, funds, cash and bank balances and deposits including accrued interest thereto with any Appropriate Authority, banks, customers and other persons, dividends declared or interest accrued thereon, reserves, provisions, funds, benefits of all agreements, shares, bonds, debentures, debenture stock, units or pass through certificates, securities, the benefits of any bank guarantees, performance guarantees and Tax related assets/credits pertaining to the Hotels Business, including but not limited to goods and service tax input credits (if transferable), sales tax/entry tax/TDS/TCS credits or set-offs, withholding tax/TDS/ TCS, Taxes withheld/paid in a foreign country, self-assessment tax, regular tax, surcharge, cess, Tax refunds, rights of any claim not made by the Demerged Company in respect of any refund of Tax, duty, cess or other charge, including any erroneous or excess payment thereof made by the Demerged Company and any interest thereon, with regard to any law, act or rule or scheme made by the Appropriate Authority, deferred tax assets/liabilities, accumulated losses under the IT Act and allowance for unabsorbed depreciation under the IT Act;

- (c) all permits, licenses, permissions, right of way, approvals, authorisations, clearances, consents, benefits, registrations, rights, entitlements, credits, certificates, certifications, accreditations, awards, sanctions, privileges, memberships, allotments, quotas, no objection certificates, exemptions, pre-qualifications, bid acceptances, concessions, subsidies, Tax deferrals, and exemptions, Tax benefits and other benefits (in each case including the benefit of any applications made for the same), if any, liberties and advantages, and other licenses or clearances granted/ issued/ given by any governmental, statutory or regulatory or local or administrative bodies, organizations or companies, related to or pertaining to the Hotels Business including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereto, whether or not recorded in the books of accounts of the Demerged Company;
- (d) all contracts, agreements, service orders, operation and maintenance contracts, memoranda of understanding/ undertakings/ agreements, bids, tariff policies, expressions of interest, letters of intent, tenancy rights, agreements for right of way, equipment purchase agreements, agreement with customers, purchase and other agreements with the supplier/ service providers, other arrangements, undertakings, deeds, bonds, schemes, concession agreements, powers of attorney, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether vested or potential and written, oral or otherwise, as amended and restated from time to time and all rights, title, interests, assurances, claims and benefits thereunder related to or pertaining to the Hotels Business;
- (e) all insurance policies related to or pertaining to the Hotels Business;
- (f) all Intellectual Property that exclusively forms part of the Hotels Business;



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- (g) all rights to use and avail telephones, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interests held in trusts, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in control of or vested in or granted in favour of or enjoyed by the Demerged Company exclusively forming part of the Hotels Business and all other interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Demerged Company and exclusively forming part of the Hotels Business. For the avoidance of doubt, it is clarified that the facilities and services mentioned in this sub paragraph (g) which are used for or form part of the Remaining Business, and all the rights, title and interest in the same shall not form part of the Demerged Undertaking and shall be dealt with in the manner set out in Clause 24 below.
- (h) all books, records, files, papers, process information, cuisine knowledge, software licenses (whether proprietary or otherwise), computer programs, mobile and web applications, software applications, data, databases including databases for procurement, commercial and management, catalogues, quotations, sales and advertising materials, lists of suppliers including service providers, other customer information, customer credit information, customer/ supplier pricing information, and all other books and records, whether in physical or electronic form that exclusively form part of the Hotels Business;
- (i) the Demerged Liabilities (including Liabilities of the Demerged Company with regard to the Demerged Employees (whether under employment agreements, appointment letters, settlement agreements, or otherwise) including with respect to the payment of gratuity, superannuation, pension benefits, leave encashment and provident fund or other compensation or benefits, if any, whether in the event of resignation, death, retirement, retrenchment or otherwise);
- (j) the Demerged Employees;
- (k) all legal or other proceedings of whatsoever nature, including quasi-judicial, arbitral and other proceedings, related to or pertaining to the Hotels Business, which are capable of being continued by or against the Resulting Company under Applicable Law; and
- (l) any assets, Liabilities, agreements, undertakings, activities, operations or properties that are mutually determined by the Boards of the Demerged Company and the Resulting Company as relating to or pertaining to the Hotels Business;
- (xiv) **“Demerger”** means transfer by way of a demerger of the Demerged Undertaking of the Demerged Company to the Resulting Company on a going concern basis and the consequent issue of equity shares by the Resulting Company to the shareholders of the Demerged Company in accordance with the Share Entitlement Ratio, pursuant to the provisions of Section 2(19AA) and other relevant provisions of the IT Act;



- (xv) **“Depository”** shall mean Citibank N.A being the depository for the Demerged Company GDRs appointed under the Deposit Agreement dated October 20, 1993, or any other successor/ replacement depository appointed upon termination of the Deposit Agreement dated October 20, 1993;
- (xvi) **“Effective Date”** means the date which will be the first day of the month following the month in which Companies mutually acknowledge in writing that all the conditions and matters referred to in Clause 28.1 of the Scheme have occurred or have been fulfilled, obtained or waived, as applicable, in accordance with this Scheme. References in this Scheme to the “date of coming into effect of this Scheme” or “upon the Scheme becoming effective” or “effectiveness of the scheme” shall mean the Effective Date;
- (xvii) **“Encumbrance”** or **“Encumbered ”** means without limitation (a) any options, equitable interest, claim, pre-emptive right, easement, limitation, attachment, restraint, mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title defect or retention, security interest or other encumbrance or interest of any kind securing, or conferring any priority of payment in respect of any obligation of any person, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Law, including any option or right of pre-emption, public right, common right, easement rights, any attachment, restriction on use, transfer, receipt of income or exercise of any other attribute of ownership, right of set-off and/or any other interest held by a third party; (b) any voting agreement, beneficial ownership (including usufruct and similar entitlements), interest, option, right of first offer/ refusal or transfer restriction or any other interest held by a third person; (c) any adverse claim as to title, possession or use; and/or (d) any agreement, conditional or otherwise, to create any of the foregoing;
- (xviii) **“ESOP Schemes”** means (a) ITC Employee Stock Option Scheme-2006, which has been approved by the Board of the Demerged Company on May 25, 2007, and (b) ITC Employee Stock Option Scheme-2010, which has been approved by the Board of the Demerged Company on August 26, 2011 and amendments thereto as approved by the Board and shareholders of the Demerged Company;
- (xix) **“GDRs”** means Global Depository Receipts, issued by a bank or depository outside India, representing underlying equity shares of an Indian company pursuant to the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 as amended from time to time;
- (xx) **“GST”** means the central tax as defined under the Central Goods and Services Tax Act, 2017, the integrated tax as defined under the Integrated Goods and Services Tax Act, 2017, and the state tax as defined under State Goods and Services Tax acts;
- (xxi) **“Hospitality Entities”** means (a) Srinivasa Resorts Limited; (b) Bay Islands Hotels Limited; (c) Fortune Park Hotels Limited; (d) Landbase India Limited (e) Maharaja Heritage Resorts Limited; (f) Gujarat Hotels Limited; (g) International Travel House Limited; and (h) WelcomHotels Lanka (Private) Limited, Sri Lanka; each of which is engaged in *inter alia* owning, licensing, operating, managing, servicing, marketing and supervising the operations of hotels and includes accommodation, dining and banqueting services;



- (xxii) **“Hotels Business”** means the hotels and hospitality business of the Demerged Company undertaken by way of *inter alia* owning, licensing, operating, managing, servicing, marketing and supervising the operations of hotels and includes accommodation, dining and banqueting services, and investments in the Hospitality Entities carrying on the hotels and hospitality business;
- (xxiii) **“Ind AS”** shall mean the Indian Accounting Standards notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as may be amended from time to time;
- (xxiv) **“Intellectual Property”** means all intellectual property rights of any nature whatsoever, past, present, and future rights of the following types, which may exist or be created under the laws of any jurisdiction including:
- (a) rights in information (including know-how, cuisine knowledge, confidential information and trade secrets) and the right to use, and protect the confidentiality of, confidential information;
 - (b) trademarks, service marks, rights in logos, brand names, trade and business names, rights in each of get-up and trade dress and all associated goodwill, rights to sue for passing off and/or for unfair competition and domain names;
 - (c) copyright, moral rights and related rights, rights in computer software, database rights, and rights in designs;
 - (d) marketing authorization, approvals, marketing intangibles, permits, permissions, incentives, privileges, special status, designs, research and studies;
 - (e) digital platforms, algorithms, domain names, applications (including hardware, software, licenses and scripts);
 - (f) Lists of present and former customers and suppliers, other customer information, copies of employment information, including but not limited to personnel files (including hiring documents, reference checks, existing employment contracts, policies, handbooks and documents reflecting changes in an employee’s position, compensation, benefits, or other terms of employment), payroll records, documents relating to past or ongoing leave of absence, on the job injuries or illness, or fitness for work examinations, disciplinary records, related supervisory files and all forms, notifications, orders and contribution/identity cards issued by the concerned authorities and all other records and documents;
 - (g) any other intellectual property rights; and
 - (h) all rights or forms of protection, subsisting now or in the future, having equivalent or similar effect to the rights referred to in paragraphs (a) to (g) above,

in each case: (i) anywhere in the world; (ii) whether unregistered or registered (including all applications, rights to apply and rights to claim priority); (iii) whether owned, licensed or otherwise; (iv) whether in physical or electronic form and (v) including all divisionals, continuations, continuations-in-part, reissues, extensions,



re-examinations and renewals and the right to sue for damages for past and current infringement in respect of any of the same;

- (xxv) **"IT Act"** means the Income-tax Act, 1961, together with all applicable orders, ordinances, directions including circulars and notifications and similar legal enactments, in each case issued under the Income-tax Act, 1961;
- (xxvi) **"Liabilities"** means all debts (whether in Rupees or foreign currency), liabilities (including contingent liabilities, and obligations under any licenses or permits or schemes or claims from customers), loans raised and used, obligations incurred, duties of any kind, nature or description and undertakings of every kind or nature and the liabilities of any description whatsoever, whether or not recorded in the books of accounts or disclosed in the balance sheet, whether present or future, and howsoever raised or incurred or utilized along with any charge, Encumbrance, lien or security thereon;
- (xxvii) **"National Company Law Tribunal"** or **"NCLT"** means the National Company Law Tribunal, Kolkata having jurisdiction over the Companies and authorized as per the provisions of the Act for approving any scheme of arrangement, compromise or reconstruction of companies under Sections 230 to 232 of the Act and shall include, if applicable, such other forum or authority as may be vested with the powers of a tribunal for the purposes of Sections 230 to 232 of the Act as may be applicable;
- (xxviii) **"NSE"** means National Stock Exchange of India Limited;
- (xxix) **"Ordinary Share(s)"** means equity share(s) in the share capital of the Demerged Company;
- (xxx) **"RBI"** means the Reserve Bank of India;
- (xxxi) **"Record Date"** means a mutually agreed date to be fixed by the respective Boards of the Demerged Company and the Resulting Company, for the purposes of determining the shareholders of the Demerged Company to whom equity shares of the Resulting Company would be allotted pursuant to the Demerger in accordance with Clause 18 of this Scheme;
- (xxxii) **"Registrar of Companies"** means the relevant Registrar of Companies having jurisdiction over the Companies under the Act;
- (xxxiii) **"Remaining Business"** means all the businesses, undertakings, activities, operations, assets and liabilities of the Demerged Company other than those that form part of the Demerged Undertaking;
- (xxxiv) **"Resulting Company"** means ITC Hotels Limited, to which the Demerged Undertaking of the Demerged Company shall stand demerged, such that pursuant to and in accordance with the terms of the Scheme the Demerged Undertaking shall become the property of and vest in ITC Hotels Limited;
- (xxxv) **"Resulting Company New Equity Shares"** shall have the meaning set out in Clause 18.1;
- (xxxvi) **"Resulting Company Special Purpose ESOP Scheme"** shall have the meaning set out in Clause 10.7.1;



(xxxvii) **“Rupees”** or **“Rs.”** means Indian rupees, being the lawful currency of Republic of India;

(xxxviii) **“Sanction Order”** means the order of the NCLT sanctioning this Scheme;

(xxxix) **“Scheme”** or **“the Scheme”** or **“this Scheme”** means this scheme of arrangement in its present form as submitted to NCLT or this Scheme with such modification(s), if any made, in accordance with Clause 26 hereto;

(xl) **“SEBI”** means the Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992;

(xli) **“SEBI Listing Regulations”** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(xlii) **“SEBI Scheme Circular”** means the master circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 issued by SEBI on June 20, 2023 and/or any other circulars issued by SEBI applicable to schemes of arrangement from time to time;

(xliii) **“Share Entitlement Ratio”** shall have the meaning set out in Clause 18.1;

(xliv) **“Stock Exchanges”** means the BSE, NSE and the CSE;

(xlv) **“Tax”** or **“Taxes”** means and includes any tax, whether direct or indirect, including income tax (including withholding tax, dividend distribution tax, TDS/TCS), GST, excise duty, central sales tax, service tax, octroi, local body tax and customs duty, duties, charges, unearned income, transfer charges, fees, surcharge, cess, levies or other similar assessments by or payable to an Appropriate Authority, including in relation to: (a) income, services, gross receipts, premium, immovable property, movable property, assets, profession, entry, capital gains, municipal, interest, expenditure, imports, wealth, gift, sales, use, transfer, licensing, withholding, employment, payroll and franchise taxes, and (b) any interest, fines, penalties, assessments, or additions to Tax resulting from, attributable to or incurred in connection with any proceedings or late payments in respect thereof;

(xlvi) **“Tax Laws”** shall have the meaning set out in Clause 15.1 ;

(xlvii) **“TCS”** means tax collectible at source, in accordance with the provisions of Tax Laws; and

(xlviii) **“TDS”** means tax deductible at source, in accordance with the provisions of Tax Laws.

6. INTERPRETATION

6.1 All terms and words used but not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992, the Depositories Act, 1996, IT Act and other Applicable Law, as the case may be.

6.2 References to clauses and recitals, unless otherwise provided, are to clauses and recitals of and to this Scheme.

6.3 The headings herein shall not affect the construction of this Scheme.



- 6.4 Unless the context otherwise requires, reference to any law or to any provision thereof shall include references to any such law or to any provision thereof as it may, after the date hereof, from time to time, be amended, supplemented or re-enacted, or to any law or any provision which replaces it, and any reference to any statute or to any statutory provision shall include any subordinate legislation made from time to time under that statute or provision.
- 6.5 The singular shall include the plural and vice versa; and references to one gender include all genders.
- 6.6 Any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 6.7 References to a person include any individual, firm, body corporate (whether or not incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representative body (whether or not having separate legal personality).

7. DATE OF TAKING EFFECT AND OPERATIVE DATE

This Scheme shall be effective from the Appointed Date and shall be operative from the Effective Date.

8. SHARE CAPITAL

- 8.1 The authorized, issued, subscribed and paid-up share capital of the Demerged Company as on August 14, 2023 is as under:

Share Capital	Amount (In Rs.)
Authorized Share Capital	
20,00,00,00,000 Ordinary Shares of Re.1/- each	20,00,00,00,000
TOTAL	20,00,00,00,000
Issued, Subscribed and Paid-up Share Capital	
1246,48,39,501 Ordinary Shares of Re.1/- each fully paid up	1246,48,39,501
TOTAL	1246,48,39,501

* Pursuant to the offer of GDRs made in 1993 by the Demerged Company, 70,78,685 GDRs, representing 70,78,685 underlying Ordinary Shares i.e. 0.06% of the Issued, and Subscribed Share Capital of the Company, were outstanding as on August 14, 2023.

** The Demerged Company has implemented employee stock option schemes, in terms of which 94,94,648 stock options are outstanding as on August 14, 2023. The Demerged Company may grant further options in the ordinary course of its business during the pendency of this Scheme. All the aforesaid options and/or their exercise may result in a variation to the share capital depicted above. However, the Share Entitlement Ratio will not be adjusted on account of any such variation.



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- 8.2 The authorized, issued, subscribed and paid-up share capital of the Resulting Company as on August 14, 2023 is as under:

Share Capital	Amount (In Rs.)
<u>Authorized Share Capital</u>	
250,00,00,000 equity shares of Re.1/- each	250,00,00,000
TOTAL	250,00,00,000
<u>Issued, Subscribed and Paid-up Share Capital</u>	
83,00,00,000 equity shares of Re.1/- each	83,00,00,000
TOTAL	83,00,00,000

** As on the date of approval of the Scheme by the Boards of the Companies, the entire share capital of the Resulting Company is held by Demerged Company.*

***The equity shares of the Resulting Company are presently not listed on any Stock Exchange. An application shall be made with the BSE and NSE post the effectiveness of the Scheme, for listing of the equity shares of the Resulting Company so that upon Demerger of the Demerged Undertaking into the Resulting Company, the members of the Resulting Company have ready access to market and freely trade in the shares of the Resulting Company.*

PART C - TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING INTO RESULTING COMPANY

9. TRANSFER AND VESTING OF DEMERGED UNDERTAKING

Upon the Scheme becoming effective and with effect from the Appointed Date, the Demerged Undertaking shall, in accordance with Section 2(19AA) and other applicable provisions of the IT Act and pursuant to Sections 230 to 232 and other applicable provisions of the Act, and pursuant to the Sanction Order, without any further act, instrument or deed, be demerged from the Demerged Company and stand transferred to and vested in or be deemed to be transferred to and vested in the Resulting Company as a going concern, so as to become the business undertaking, assets, Liabilities, properties, right, title, interest and authorities of the Resulting Company by virtue of and in the manner set out below.

9.1 VESTING OF ASSETS

- 9.1.1 Upon the Scheme becoming effective and with effect from the Appointed Date, without prejudice to the generality of the above:

- (i) In respect of the assets of the Demerged Undertaking that are movable in nature or incorporeal property and/or otherwise capable of transfer by manual or constructive delivery and/or by endorsement, including cash and bank balances, liquid investments related to the Hotels Business, investments in Hospitality Entities forming part of the Demerged Undertaking, the same shall stand vested in the Resulting Company pursuant to provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law or be deemed to be transferred and vested by delivery or possession or by endorsement and delivery and without requiring any deed or instrument of conveyance for transfer and vesting of the same, and shall become the property of the Resulting Company subject to the provisions of this Scheme in relation to Encumbrances, including under Clause 9.3 hereof.



- (ii) In respect of movable assets other than those dealt with in Clause 9.1.1(i) above (including but not limited to sundry debts, actionable claims, earnest monies, receivables, bills, credits, loans, advances and deposits with any Appropriate Authorities or any other bodies and/or customers or any other person, if any, forming part of the Demerged Undertaking, whether recoverable in cash or in kind or for value to be received, etc.), the same shall become the assets of, and be vested in the Resulting Company without any notice or other intimation to any person in pursuance of the provisions of Sections 230 to 232 read with other relevant provisions of the Act and other applicable provisions of Applicable Law to the end and intent that the right of the Demerged Company to recover or realize the same becomes a right of, and stands vested in the Resulting Company, without any notice or other intimation to such debtors, depositors or persons as the case may be.
- (iii) All assets, estate, rights, title, remedies, claims, rights of action, interest and authorities held by the Demerged Company, on the Appointed Date forming part of the Demerged Undertaking, not otherwise specified in the above Clauses, shall also, without any further act, instrument or deed, become the property of, and stand vested in or be deemed to have so become, or be vested in, the Resulting Company upon the coming into effect of this Scheme pursuant to the provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Laws.
- (iv) All immovable property, whether or not included in the books of the Demerged Company, whether freehold or leasehold or licensed properties (including but not limited to capital works in progress, land, buildings, and any other rights, titles, interests, rights of way and easements in relation thereto) forming part of the Demerged Undertaking shall become the property of the Resulting Company and be vested in the Resulting Company or be deemed to have been so, automatically without any act or deed to be done or executed by the Demerged Company and/or the Resulting Company. All lease or license or rent agreements forming part of the Demerged Undertaking, entered into by the Demerged Company with various landlords, owners and lessors in connection with the use of the assets of the Demerged Company, together with security deposits, shall stand automatically vested in favour of the Resulting Company on the same terms and conditions, subject to Applicable Law, without any further act, instrument or deed. The Resulting Company shall continue to pay rent amounts as provided for in such agreements and shall comply with the other terms, conditions and covenants thereunder and shall also be entitled to refund of security deposits paid under such agreements by the Demerged Company. Provided that, the Boards of the Demerged Company and the Resulting Company may mutually decide if any particular asset (including any hotel undertaking, business, activities, employees, permits, consents etc.) which relates to the Hotels Business shall not be vested in the Resulting Company pursuant to this Scheme in the event of non-receipt of any consents, permission etc. required for vesting of such assets, as intended, or imposition of any onerous conditions associated with such consents or permissions.
- (v) For the purpose of giving effect to the Sanction Order passed under Sections 230 to 232 of the Act in respect of this Scheme, the Resulting Company shall be entitled to exercise all rights and privileges and shall be liable to fulfill all its obligations in relation to or applicable to all such immovable properties, including mutation and/or substitution of the ownership or the title to, or interest in the immovable properties which shall be made and duly recorded by the Appropriate Authority(ies) in favour of the Resulting Company pursuant to the Sanction Order and upon the effectiveness of this Scheme in accordance with the terms hereof without any further act or deed to be done or executed by the Demerged Company and/or the Resulting Company. It is clarified that the Resulting Company shall be



entitled to engage in such correspondence and make such representations, as may be necessary for the purposes of the aforesaid mutation and/or substitution. For the purposes of this Clause, the Boards of the relevant Companies may, in their absolute discretion, mutually decide the manner of giving effect to the vesting of the whole or part of the right, title and interest in all or any of the immovable properties along with any attendant formalities involved, including by way of execution of appropriate deed(s), including of conveyance, assignment, transfer or rectification, in order to give effect to the objectives of the Scheme.

- (vi) All Intellectual Property and rights thereto of the Demerged Company that exclusively forms part of the Hotels Business, whether registered or unregistered, along with all rights of commercial nature including attached goodwill, title, interest, and all other interests relating to the goods or services being dealt with by the Demerged Company and forming part of the Demerged Undertaking, shall become the property of and/or stand vested in, the Resulting Company.
- (vii) In so far as various incentives, subsidies, exemptions, remissions, reductions, export benefits, all indirect Tax related benefits, including GST benefits, service Tax benefits, customs duty exemptions / concessions, all indirect Tax related assets/credits, including but not limited to goods and service Tax input credits (if transferable), sales Tax/entry Tax credits or set-off, TDS/TCS credits or set-off (to the extent remaining unutilized on the Appointed Date), income Tax holiday/benefit/losses/minimum alternative Tax and other benefits or exemptions or privileges enjoyed (to the extent remaining unutilized on the Appointed Date), granted by any Appropriate Authority or by any other person, or availed of by the Demerged Company are concerned, the same shall, together with any corresponding obligations, without any further act or deed, in so far as they relate to the Demerged Undertaking, vest with and be available to the Resulting Company on the same terms and conditions as were available with the Demerged Company and as if the same had been allotted and/or granted and/or sanctioned and/or allowed to the Resulting Company, to the end and intent that the right of the Demerged Company to recover or realize the same, shall become the right of the Resulting Company and/or stands vested in the Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.

9.1.2 Notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of this Scheme, it is clarified that in order to ensure (i) implementation of the provisions of the Scheme; (ii) uninterrupted transfer of the relevant consents, approvals, patents, permissions, licenses, registrations, certificates etc.; and (iii) continued vesting of the benefits, exemptions available to the Demerged Company in relation to the Demerged Undertaking in favour of the Resulting Company, the Boards of the Demerged Company and the Resulting Company may at any time on or after the Effective Date, in accordance with the provisions hereof if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Resulting Company shall subject to the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company and carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company for the limited purposes of giving effect to the Scheme.



- 9.1.3 Upon the Scheme becoming effective and with effect from the Appointed Date, in relation to assets, if any, which, under Applicable Law, require separate documents for vesting in the Resulting Company, the Demerged Company and the Resulting Company will execute such deeds, documents or such other instruments, if any, as may be mutually agreed.
- 9.1.4 On and from the Effective Date, all cheques and other negotiable instruments, electronic fund transfers (such as NEFT, RTGS, etc.) and payment orders received or presented for encashment which are in the name of the Demerged Company and in relation to or in connection with the Demerged Undertaking, after the Effective Date shall be accepted by the bankers of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company.
- 9.1.5 Upon the coming into effect of this Scheme, the investment limits of the Resulting Company in terms of Section 186 of the Act shall be deemed increased without any further act, instrument or deed to the equivalent of the aggregate investments forming part of the Demerged Undertaking transferred by the Demerged Company to the Resulting Company pursuant to the Scheme. Such limits shall be incremental to the existing investment limits of the Resulting Company.

9.2 TRANSFER OF LIABILITIES

- 9.2.1 Upon coming into effect of this Scheme and with effect from the Appointed Date, all Demerged Liabilities, whether or not provided in the books of the Demerged Company shall without any further act, instrument or deed be and stand transferred to the Resulting Company to the extent that they are outstanding as on the Effective Date, so as to become the debts, duties, obligations, and Liabilities of the Resulting Company, along with any Encumbrance relating thereto, on the same terms and conditions as were applicable to the Demerged Company. The Resulting Company undertakes to meet, discharge and satisfy the same to the exclusion of the Demerged Company such that the Demerged Company shall in no event be responsible or liable in relation to any such Demerged Liabilities.
- 9.2.2 The term “**Demerged Liabilities**” shall mean:
- (a) the Liabilities of the Demerged Company which arise out of the activities or operations of the Hotels Business;
 - (b) the specific loans or borrowings (including debentures, if any) raised, incurred and utilized solely for the activities or operations of the Hotels Business;
 - (c) in cases other than those referred to in sub-Clause (a) or sub-Clause (b) above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred pursuant to the Demerger bears to the total value of the assets of the Demerged Company immediately prior to the Appointed Date.
- 9.2.3 Such Demerged Liabilities transferred to the Resulting Company in terms of Clause 9.2 hereof, shall, without any further act, instrument or deed, become Liabilities of the Resulting Company, and all rights, powers, duties and obligations in relation thereto shall stand vested in and shall be exercised by or against the Resulting Company as if it had incurred such Liabilities. Thus, with effect from the Effective Date, the primary obligation to redeem or repay such Demerged Liabilities shall be that of the Resulting Company.



9.2.4 Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Demerged Company alone shall be liable to perform all obligations in respect of all debts, Liabilities, duties and obligations pertaining to its Remaining Business and the Resulting Company shall not have any obligations in respect of the debts, Liabilities, duties and obligations of the Remaining Business. Further, upon the coming into effect of this Scheme and with effect from the Appointed Date, the Resulting Company alone shall be liable to perform all obligations in respect of Demerged Liabilities, which have been transferred to it in terms of this Scheme, and the Demerged Company shall not have any obligations in respect of such respective Demerged Liabilities.

9.2.5 The provisions of this Clause and that of Clause 9.3 below shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security documents, all of which instruments, deeds or writings shall be deemed to have been modified and/or superseded by the foregoing provisions.

9.2.6 It is expressly provided that, save as mentioned in this Scheme, no other term or condition of the Demerged Liabilities transferred to the Resulting Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.

9.2.7 Upon the coming into effect of this Scheme, the borrowing limits of the Resulting Company in terms of Section 180(1) (c) of the Act shall be deemed to be increased without any further act, instrument or deed to the equivalent of the aggregate borrowings forming part of the Demerged Liabilities transferred by the Demerged Company to the Resulting Company pursuant to the Scheme. Such limits shall be incremental to the existing borrowing limits of the Resulting Company.

9.3 ENCUMBRANCES

9.3.1 The vesting of the assets comprised in the Demerged Undertaking to and in the Resulting Company upon the coming into effect of the Scheme shall be subject to the Encumbrances, if any, affecting the same as hereinafter provided.

9.3.2 In so far as the existing Encumbrances in respect of the Demerged Liabilities are concerned, such Encumbrances shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking to which such Demerged Liability relates, which have already been Encumbered in respect of the Demerged Liabilities as transferred to the Resulting Company pursuant to this Scheme, and such Encumbrances shall not relate to or attach to any of the other assets of the Resulting Company. Provided that if any of the assets comprised in the Demerged Undertaking being transferred to the Resulting Company pursuant to this Scheme have not been Encumbered in respect of the Demerged Liabilities, such assets shall remain unencumbered and the existing Encumbrances referred to above shall not be extended to and shall not operate over such assets. The Scheme shall not operate to enlarge the Encumbrances, nor shall the Resulting Company be obliged to create any further or additional security after the Scheme has become effective or otherwise. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.

9.3.3 Subject to the other provisions of this Scheme, in so far as the assets forming part of the Demerged Undertaking are concerned, the Encumbrances over such assets, to the extent they relate to any loans or borrowings or debentures or other debt or debt securities of the Remaining Business of the Demerged Company, shall, as and from the Effective Date, without any further act, instrument or deed, stand released and discharged and shall no longer be available as Encumbrances in relation to those Liabilities of the Demerged



Company pertaining to its Remaining Business (and which shall continue with the Demerged Company).

- 9.3.4** In so far as the assets of the Remaining Business are concerned, the Encumbrances over such assets, to the extent they relate to any loans or borrowings forming part of the relevant Demerged Liabilities shall, without any further act, instrument or deed be released and discharged from such Encumbrances. The absence of any formal amendment which may be required by a lender or trustee or third party in order to effect such release shall not affect the operation of Clauses 9.3.3 and this Clause 9.3.4.
- 9.3.5** In so far as the existing Encumbrances over the assets and other properties of the Resulting Company or any part thereof which relate to the Liabilities and obligations of the Resulting Company prior to the Effective Date are concerned, such Encumbrance shall, without any further act, instrument or deed continue to relate to only such assets and properties and shall not extend or attach to any of the assets and properties of the Demerged Undertaking vested in the Resulting Company by virtue of the Scheme.
- 9.3.6** Any reference to the Demerged Company and its assets and properties in any security documents or arrangements (to which the Demerged Company is a party), which relate to the Demerged Undertaking, shall be construed as a reference to the Resulting Company and the relevant assets and properties of the Demerged Company vested in the Resulting Company by virtue of the Scheme. Without prejudice to the provisions of the foregoing Clauses and upon coming into effect of the Scheme, the Demerged Company and the Resulting Company may enter into and execute such other deeds, instruments, documents and/or writings and/or do all acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies to give formal effect to the provisions of this Clause and foregoing Clauses, if required.

10. EMPLOYEES

- 10.1** On the Scheme becoming effective, all Demerged Employees shall be deemed to have become employees of the Resulting Company on and from the Appointed Date, on terms and conditions of employment no less favourable than those applicable to them with reference to their employment in the Demerged Company. Resulting Company undertakes to abide by any subsisting agreement / settlement, entered into by the Demerged Company with any of the Demerged Employees or employee representative bodies / unions.
- 10.2** The past services of all Demerged Employees with the Demerged Company prior to the Demerger shall be taken into account for the purposes of all benefits to which the Demerged Employees may be eligible, including for the purpose of payment of any retrenchment or redundancy compensation, leave encashment, gratuity and other terminal benefits. To this effect, on the Scheme becoming effective, the accumulated balances or contributions if any, standing to the credit of the Demerged Employees in the existing provident fund, gratuity fund and/or superannuation funds shall be continued in the existing funds on behalf of the Resulting Company, or transferred to fund(s)/ trust(s) nominated by the Resulting Company or to such new fund(s)/ trust(s) to be established (if any) by the Resulting Company and caused to be recognized by the Appropriate Authorities, or to the government provident fund, in relation to the Demerged Employees where applicable.
- 10.3** Further to the transfer of the accumulated balances or contributions from the funds as set out in Clause 10.2 above, for all purposes whatsoever in relation to the administration or operation of such funds or in relation to the obligation to make contributions to the said funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, all rights, duties, powers and obligations of the Demerged Company in relation to the Demerged Undertaking as on the Effective Date in relation to such funds



[Handwritten signature]

shall become those of the Resulting Company. It is clarified that the services of the Demerged Employees forming part of the Demerged Undertaking will be treated as having been continuous for the purpose of the said funds.

- 10.4** In relation to any other fund (including any funds set up by the government for employee benefits) created or existing for the benefit of the Demerged Employees, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc. in respect of such Demerged Employees.
- 10.5** In so far as the existing benefits or funds created by the Demerged Company for the employees of the Remaining Business are concerned, the same shall continue and the Demerged Company shall continue to contribute to such benefits or funds in accordance with the provisions thereof, and the Resulting Company shall have no Liability in respect thereof.
- 10.6** Subject to the provisions of Clause 10.7 below, in so far as existing employee benefit plans of the Demerged Company are concerned or in the event the Demerged Company approves or adopts any employee benefit plans including any employee stock appreciation rights or plans, after the approval of the Scheme by the Boards of the Companies but prior to the Effective Date, such plans shall include appropriate provisions for the manner in which the benefits shall be available to relevant employees.

10.7 EMPLOYEE STOCK OPTION SCHEME

- 10.7.1** After the Scheme becoming effective, the options granted (whether vested or not) by the Demerged Company pursuant to the existing ESOP Schemes of the Demerged Company to all existing grantees will continue to be governed by the provisions of the ESOP Schemes, subject to the modifications proposed in Clause 10.7. In addition, the Resulting Company shall formulate new special purpose employee stock option scheme(s) by adopting the ESOP Schemes ("**Resulting Company Special Purpose ESOP Scheme**") in accordance with the provisions mentioned below.
- 10.7.2** With respect to the options granted by the Demerged Company to the eligible employees of the Demerged Company (irrespective of whether they continue to be employees of the Demerged Company or become employees of the Resulting Company pursuant to this Scheme) under the ESOP Schemes and after the Scheme becoming effective, for every 10 (ten) stock options outstanding as on the Record Date in the Demerged Company, each such eligible employee shall be issued 1 (one) stock option (including fractional entitlements) by the Resulting Company under the Resulting Company Special Purpose ESOP Scheme, on the terms and conditions similar to the ESOP Schemes subject to Clause 10.7.
- 10.7.3** The options granted by the Demerged Company under the ESOP Schemes would continue to be held by the eligible employees irrespective of whether they continue to be employees of the Demerged Company or become employees of the Resulting Company. After the Scheme becoming effective, the Demerged Company shall, take necessary steps to modify the ESOP Schemes, including fair and reasonable adjustments to the exercise prices of outstanding stock options, in a manner considered appropriate and in accordance with the Applicable Laws.
- 10.7.4** The Resulting Company shall take into account the period during which the employees held options granted by the Demerged Company prior to the issuance of the stock options by the Resulting Company, for determining of minimum vesting period required for stock options that may be granted by the Resulting Company, subject to Applicable Laws.



- 10.7.5** The Boards or any committee or person(s) authorised by the Boards of the Demerged Company and the Resulting Company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of Clause 10.7, in a fair, equitable and reasonable manner.
- 10.7.6** The adoption of the Resulting Company Special Purpose ESOP Scheme, grant of stock options under the Resulting Company Special Purpose ESOP Scheme to the eligible employees of the Demerged Company and Resulting Company pursuant to Clause 10.7 and modification of the ESOP Schemes as specified in Clause 10.7.3, shall be effected as an integral part of the Scheme. The consent of the shareholders of the Resulting Company and Demerged Company to the Scheme shall be deemed to be their consent in relation to all matters pertaining to the Resulting Company Special Purpose ESOP Scheme, grant of stock options under the same and the modifications in the ESOP Schemes as contemplated in Clause 10.7.3, including without limitation, for the purpose of creating the Resulting Company Special Purpose ESOP Scheme. No further approval of the shareholders of the Demerged Company or Resulting Company or resolution or action would be required in this connection under any applicable provisions of the Act and/or other Applicable Laws.

11. LEGAL PROCEEDINGS

- 11.1** Upon the coming into effect of this Scheme, if any suit, appeal, legal, or other proceeding of whatever nature (excluding proceedings under the IT Act), whether criminal or civil (including before any statutory or quasi-judicial authority or tribunal), under Applicable Law, by or against the Demerged Company in relation to the Demerged Undertaking is pending on the Effective Date or is instituted any time thereafter, and if such proceeding is capable of being continued by or against the Resulting Company under Applicable Law, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings shall be continued, prosecuted and enforced by or against the Resulting Company, as the case may be, after the Effective Date, in the same manner and to the same extent as it would have been continued, prosecuted and enforced by or against the Demerged Company, as if this Scheme had not been made.
- 11.2** In case of any litigation, suits, recovery proceedings etc. (excluding proceedings under the IT Act), as referred to in this Clause 11 which are the responsibility of the Resulting Company, which may be initiated against the Demerged Company, in relation to the Demerged Undertaking, the Demerged Company shall defend the same at the cost of the Resulting Company and in the same manner as it would defend a litigation, suit or recovery proceeding which is the responsibility of the Demerged Company, and the Resulting Company shall reimburse and indemnify the Demerged Company against all Liabilities and obligations incurred by the Demerged Company in respect thereof. If any proceedings are taken against the Resulting Company after the Effective Date in respect of the matters referred to in this Clause 11, which are the responsibility of the Demerged Company, the Resulting Company shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the Demerged Company shall reimburse and indemnify the Resulting Company against all Liabilities and obligations incurred by the Resulting Company in respect thereof.
- 11.3** The Resulting Company undertakes to have all legal or other proceedings (excluding proceedings under the IT Act) initiated by or against the Demerged Company which are the responsibility of the Resulting Company referred to in this Clause 11 transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company. The Demerged Company undertakes to have all legal or other



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proceedings initiated by or against Resulting Company after the Effective Date which are the responsibility of the Demerged Company, referred to in this Clause 11, transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company. The Demerged Company and the Resulting Company shall make relevant applications in that behalf.

12. CONTRACTS, DEEDS, ETC.

12.1 Upon coming into effect of this Scheme and subject to the other provisions of this Scheme, all contracts, deeds, bonds, schemes, insurance, letters of intent, tenders obtained or applied, bids, undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature forming part of a Demerged Undertaking to which the Demerged Company is a party or to the benefit of which the Demerged Company is eligible and which is subsisting or having effect on the Effective Date, shall without any further act or deed, continue in full force and effect against or in favour of the Resulting Company and may be enforced by or against the Resulting Company as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party thereto. It shall not be necessary to obtain the consent of any third party or other person who is a party to any such contracts, deeds, bonds, agreements, schemes, arrangements and other instruments to give effect to the provisions of this Clause 12 of the Scheme.

12.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of this Scheme itself, the Board of the Demerged Company and the Resulting Company may at any time on or after the Effective Date, in accordance with the provisions hereof if so required under any Applicable Law or otherwise, take such actions and enter into and/or issue and/or execute such deeds (including deeds of adherence), instruments, confirmations, novations or other writings or arrangements with any party to any contract or arrangement to which the Demerged Company is a party, or any writings as may be necessary, in order to give formal effect to the provisions of this Scheme. The Resulting Company shall subject to the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company for the limited purpose of giving effect to the Scheme.

13. PERMITS, CONSENTS AND LICENSES

13.1 All the licenses, permits, permissions, certificates, consents, quotas, pre-qualifications, approvals, incentives, subsidies, rights, claims, leases, tenancy rights, liberties, allotments, insurance cover, clearances, authorities, privileges, affiliations, easements, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted, conferred upon, held or availed of by and all rights and benefits that have accrued to the Demerged Company, in relation to or in connection with the Demerged Undertaking, and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents received by the Demerged Company, forming part of or relating to the Demerged Undertaking, and all powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking, pursuant to the provisions of Sections 230 to 232 of the Act, shall without any further act, instrument or deed, be transferred to and vest in or be deemed to have been transferred to and vested in and be available to the Resulting Company so as to become as and from the Appointed Date, the estates, assets, licenses, permits, privileges, title, interests and authorities of the Resulting Company and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible under Applicable Law and the concerned licensors and grantors of such approvals, clearances, permissions, etc., shall endorse, where necessary,



and record, in accordance with Applicable Law, the Resulting Company on such approvals, clearances, permissions etc. so as to acknowledge and record the transfer and vesting of the Demerged Undertaking in the Resulting Company and continuation of operations forming part of the Demerged Undertaking in the Resulting Company without hindrance and that such approvals, clearances and permissions etc. shall remain in full force and effect in favour of or against the Resulting Company, as the case may be and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or recipient or beneficiary or obligee thereto. The Demerged Company and the Resulting Company may execute necessary documentation, make applications / file relevant forms to any Appropriate Authority, to give effect to the foregoing, where required.

13.2 Upon this Scheme being effective, the past track record of the Demerged Company relating to the Demerged Undertaking, including without limitation, the profitability, experience, credentials and market share, shall be deemed to be the track record of the Resulting Company for all commercial and regulatory purposes including for the purposes of eligibility, standing, evaluation and participation of the Resulting Company in all existing and future bids, tenders and contracts of all authorities, agencies and clients.

13.3 From the Effective Date and until the licenses, permits, quotas, approvals, incentives, subsidies, rights, claims, leases, tenancy rights, liberties, rehabilitation schemes, special status are transferred, vested, recorded, effected, and/or perfected, in the record of the Appropriate Authority, in favour of the Resulting Company, for the purposes of the relevant license and/or permit and/or approval, as the case may be, the Resulting Company is authorized to carry on business in the name and style of the Demerged Company, in relation to or in connection with the Demerged Undertaking and the Resulting Company shall keep a record and/or account of such transactions.

14. SAVING OF CONCLUDED TRANSACTIONS

Subject to the terms of the Scheme, the transfer and vesting of the Demerged Undertaking into the Resulting Company under Clauses 9 to 13 above shall not affect any transaction or proceedings already concluded by the Demerged Company for the Demerged Undertaking until the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by the Demerged Company for the Demerged Undertaking in respect thereto as acts, deeds and things made, done and executed by or on behalf of the Resulting Company.

15. TAXATION MATTERS

15.1 Notwithstanding anything to the contrary contained in this Scheme, upon effectiveness of this Scheme:

- (i) the Demerged Company shall be liable for any Tax payable to Appropriate Authorities under Applicable Laws relating to Tax ("**Tax Laws**") and shall be entitled to any refunds of Tax from Appropriate Authorities under Tax Laws, which, in each case, arise from the operation or activities of the Demerged Undertaking prior to the Appointed Date, regardless of whether such payments or receipts are provided or recorded in the books of the Demerged Company and whether such payments or receipts are due or realised on, before or after the Appointed Date; and even if the prescribed time limits for claiming such refunds or credits have lapsed; and



- (ii) the Resulting Company shall be liable for any Tax payable to Appropriate Authorities under Tax Laws and shall be entitled to refunds of any Tax from Appropriate Authorities under Tax Laws, which, in each case, arise from the operation or activities of the Demerged Undertaking on or after the Appointed Date, regardless of whether such payments or receipts are provided or recorded in the books of the Demerged Company and whether such payments or receipts are due or realised on, before or after the Appointed Date.

- 15.2** Any Tax incentives, subsidies, exemptions, special status, Tax benefits (including but not limited to export incentives, credits/ incentives in respect of income tax, sales tax, GST, turnover tax, excise duty, etc.), unutilized GST credits, duty drawbacks, and other benefits, credits, exemptions or privileges enjoyed, granted by an Appropriate Authority or availed of by the Demerged Company and/or benefits under incentive schemes and policies relating to the Demerged Undertaking shall, without any further act or deed, in so far as they relate to or are available for the operation and activities of the Demerged Undertaking on or after the Appointed Date and to the extent permissible under applicable Tax Laws, vest with and be available to Resulting Company on the same terms and conditions, as if the same had been originally allotted and/or granted and/or sanctioned and/or allowed to the Resulting Company. The Demerged Company and Resulting Company shall take such actions as may be necessary under Applicable Law to effect such transfers.
- 15.3** Each of the Resulting Company and the Demerged Company shall be entitled to file/ revise its income-tax returns, TDS/TCS certificates, TDS/TCS returns, GST returns and other statutory returns, notwithstanding that the period for filing/ revising such returns may have lapsed and to obtain TDS/TCS certificates, including TDS/TCS certificates relating to transactions between or amongst the Demerged Company and the Resulting Company and shall have the right to claim refunds, advance Tax credits, input Tax credit (if transferable), credits of all Taxes paid/withheld/ collected, if any, to the extent permissible under applicable Tax Laws as may be required consequent to implementation of this Scheme.
- 15.4** If the Demerged Company makes any payment to discharge any Liabilities under Tax Laws that are the responsibility of the Resulting Company under Clause 15.1 above, the Resulting Company shall promptly pay or reimburse the Demerged Company for such payment. If the Resulting Company makes any payment to discharge any Liabilities under Tax Laws that are the responsibility of the Demerged Company under Clause 15.1 above, the Demerged Company shall promptly pay or reimburse the Resulting Company for such payment.
- 15.5** If the Demerged Company receives any refunds under Tax Laws that the Resulting Company is entitled to receive under Clause 15.1 above, the Demerged Company shall promptly pay the Resulting Company the amount of refund so received. If the Resulting Company receives any refunds under Tax Laws that the Demerged Company is entitled to receive under Clause 15.1 above, the Resulting Company shall promptly pay the Demerged Company the amount of refund so received.
- 15.6** Without prejudice to the generality of the foregoing, on and from the Appointed Date, if any certificate for tax deducted or collected at source or any other tax credit certificate relating to the Demerged Undertaking is received in the name of Demerged Company, or Tax credit relating to the Demerged Undertaking is appearing in Form 26AS of the Demerged Company, it shall be deemed to have been received by and in the name of the Resulting Company which alone shall be entitled to claim credit for such Tax deducted or paid.



- 15.7** Benefit of all available accumulated Tax losses including brought forward business loss, unabsorbed depreciation, etc., pertaining to the Demerged Undertaking as on and up to the Appointed Date, shall be available to Resulting Company in terms of Section 72A of IT Act. Where such loss or unabsorbed depreciation is not directly relatable to the Demerged Undertaking transferred to the Resulting Company, it shall be apportioned between the Demerged Company and Resulting Company in accordance with the provisions of IT Act. It is expressly clarified that all the accumulated losses and unabsorbed depreciation as are transferred, shall be eligible to be carried forward and set off in the hands of the Resulting Company.
- 15.8** All the expenses incurred by Demerged Company and the Resulting Company in relation to the Scheme, shall be allowed as deduction to Demerged Company and the Resulting Company in accordance with the relevant provisions of the IT Act.
- 15.9** The Resulting Company shall be entitled to claim deduction under Section 43B of the IT Act in respect of unpaid liabilities transferred to it as part of the Demerged Undertaking to the extent not claimed by the Demerged Company, as and when the same are paid by the Resulting Company subsequent to the Appointed Date.
- 16. VALIDITY OF EXISTING RESOLUTIONS**
- 16.1** Upon the coming into effect of the Scheme, the resolutions, if any, passed by the Demerged Company relating to the Demerged Undertaking, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions passed by the Resulting Company, and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, such limits shall be added to the limits, if any, under like resolutions passed by the Resulting Company, and shall constitute the aggregate of the said limits in the Resulting Company.
- 17. REMAINING BUSINESS OF THE DEMERGED COMPANY**
- 17.1** The Remaining Business and all the assets, properties, rights, Liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company, and the Resulting Company shall have no right, claim or obligation in relation to the Remaining Business of the Demerged Company and nothing in this Scheme shall operate to transfer any of the Remaining Business to the Resulting Company or to make the Resulting Company liable for any of the Demerged Company's Liabilities (excluding the Demerged Liabilities).
- 17.2** All legal, taxation and other proceedings of whatever nature (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company with respect to the Remaining Business, under any statute, whether relating to the period prior to or after the Appointed Date and whether pending on the Appointed Date or which may be instituted in future, whether or not in respect of any matter arising before the Appointed Date and relating to the Remaining Business of the Demerged Company, (including those relating to any property, right, power, Liability, obligation or duty of the Demerged Company in respect of the Remaining Business and any IT related Liabilities) shall be continued and enforced by or against the Demerged Company, as applicable, even after the Appointed Date.



18. CONSIDERATION AND DISCHARGE OF CONSIDERATION FOR DEMERGER

- 18.1** Upon this Scheme becoming effective and in consideration of the transfer and vesting of the Demerged Undertaking from the Demerged Company to the Resulting Company in terms of this Scheme, the Resulting Company shall, without any further application, act or deed, issue and allot equity shares, credited as fully paid-up, to the members of the Demerged Company, holding fully paid up Ordinary Shares and whose names appear in the register of members, including register and index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996, of the Demerged Company, on the Record Date or to such of their respective heirs, executors, administrators or other legal representative or other successors in title as on the Record Date in the following manner:

"for every 10 Ordinary Shares of face and paid-up value of Re. 1 each held in the Demerged Company, 1 equity share of face and paid-up value of Re. 1 in the Resulting Company"
("Share Entitlement Ratio")

The shares issued by the Resulting Company pursuant to this Clause 18 are hereinafter referred to as **"Resulting Company New Equity Shares"**.

- 18.2** The Resulting Company New Equity Shares shall be subject to the Scheme, the memorandum and articles of association of the Resulting Company and Applicable Law and shall rank *pari passu* with the existing equity shares of the Resulting Company. It is clarified that the existing equity shares of the Resulting Company shall not be cancelled pursuant to or on effectiveness of the Scheme.
- 18.3** If the allotment of the Resulting Company New Equity Shares pursuant to this Clause 18 will result in any shareholders being issued fractional shares, then the fractional entitlements shall be consolidated and thereupon allotted in lieu thereof to trustee(s) authorized by the Board of the Resulting Company in this behalf which shall hold the Resulting Company New Equity Shares in trust on behalf of the shareholders of the Demerged Company, entitled to fractional entitlements with the express understanding that such trustee(s) shall sell the Resulting Company New Equity Shares so allotted on the NSE and / or BSE within a period of 90 days from the date of allotment of Resulting Company New Equity Shares, at such price or prices and to such persons, as the trustee(s) deems fit, subject to the provisions of the SEBI Scheme Circular, and shall distribute the net sale proceeds, after deductions of applicable Taxes and expenses incurred, in proportion to their respective fractional entitlements. In case the number of Resulting Company New Equity Shares to be allotted to the trustee(s) authorized by the Board of the Resulting Company by virtue of consolidation of fractional entitlement is a fraction, it shall be rounded off to the next higher integer.
- 18.4** Without prejudice to the generality of Clause 18.1, the Demerged Company and the Resulting Company shall, if and to the extent required, apply for and obtain any approvals from the concerned Appropriate Authorities and undertake necessary compliance for the issuance and allotment of the Resulting Company New Equity Shares.
- 18.5** The Resulting Company New Equity Shares shall mandatorily be issued in dematerialized form to those shareholders who hold shares of the Demerged Company in dematerialized form, into the account in which shares of the Demerged Company are held or such other account as is intimated in writing by the shareholders to the Demerged Company provided such intimation has been received by the Demerged Company at least 7 (seven) days before the Record Date. All those shareholders who hold shares of the Demerged Company in physical form shall receive the Resulting Company New Equity Shares in dematerialized form only, provided that the details of their account with the depository participant are intimated in writing to the Demerged Company and provided such intimation has been



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received by the Demerged Company at least 7 (seven) days before the Record Date. If no such intimation is received from any shareholder who holds shares of the Demerged Company in physical form 7 (seven) days before the Record Date, the Resulting Company shall keep such shares in abeyance / escrow account / with a trustee nominated by the Board of the Resulting Company for the benefit of such shareholders or shall be dealt with as provided under the Applicable Law and will be credited to the respective depository participant accounts of such shareholders as and when the details of such shareholder's account with the depository participant are intimated in writing to the Resulting Company and/or its registrar, if permitted under Applicable Law.

18.6 The Resulting Company New Equity Shares to be issued by the Resulting Company, pursuant to Clause 18 in respect of any Ordinary Shares of the Demerged Company which are held in abeyance under the provisions of Section 126 of the Act or which the Resulting Company is unable to issue due to non-receipt of relevant approvals or due to Applicable Laws or otherwise shall, pending allotment or settlement of dispute by order of NCLT or any court or otherwise, be held in abeyance by the Resulting Company or shall be dealt with as provided under the Applicable Law.

18.7 All shares of the Resulting Company will be listed and/or admitted to trading on the BSE and NSE, which have nation-wide trading terminals. The Resulting Company shall apply for listing of its shares on the BSE and NSE and enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with Applicable Law for the Resulting Company, including for seeking exemption from Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957. The shares of the Resulting Company shall remain frozen in the depositories system till listing and trading permission is given by the designated Stock Exchange. There shall be no change in the shareholding pattern or control in the Resulting Company between the Record Date and the listing which may affect the status of approvals received from the Stock Exchanges, other than as provided in the Scheme. The Resulting Company will not issue/reissue any shares, not covered under this Scheme, till the date of listing of the Resulting Company on the BSE and NSE pursuant to the Scheme.

18.8 Pursuant to the provisions of Clause 18.1 above and subject to the provisions of the Applicable Law, Resulting Company shall issue to the Depository representing the holders of the Demerged Company GDRs, Resulting Company New Equity Shares and such Resulting Company New Equity Shares shall be sold by the Depository in the open market and the net sales proceeds (after the deduction of applicable Taxes and expenses incurred) shall be distributed by the Depository to the holders of Demerged Company GDRs in the same proportion as their entitlements. If the actions contemplated in this Clause cannot be effected for any reason, the Companies shall ensure that this does not delay implementation of the Scheme and shall take all such actions as may be necessary to give effect to the Scheme.

18.9 The Resulting Company, Demerged Company and/or the Depository shall execute such documents and take such actions as may be deemed necessary or appropriate to give effect to the mechanism set out under Clause 18.8 above.

19. ACCOUNTING TREATMENT IN THE BOOKS OF THE COMPANIES

19.1 IN THE BOOKS OF THE DEMERGED COMPANY:

19.1.1 Notwithstanding anything else contained in the Scheme, upon the Scheme being effective, the Demerged Company shall account for the Scheme in its books of accounts in accordance with Ind AS and generally accepted accounting principles in India.



19.1.2 The Demerged Company shall provide the following accounting treatment in its books of accounts:

- (i) Recognize a liability for assets distributed to its shareholders at the fair value of the distributed assets, i.e. fair value to the extent of shares to be issued by the Resulting Company to the shareholders of Demerged Company, with a corresponding debit to General Reserve under the head "Other Equity", in accordance with the requirements of Ind AS. The liability is subject to review at each reporting date and at the date of settlement, with any changes in the carrying value of the liability recognized in General Reserve under the head "Other Equity" as an adjustment to the amount of distribution.
- (ii) The carrying / book values of the assets of the Demerged Company to the extent of Demerged Company's continued holding in the Resulting Company shall be added to investment by the Demerged Company in the Resulting Company.
- (iii) Reduce the carrying value of all assets and liabilities pertaining to the Demerged Undertaking as appearing in the books of accounts of the Demerged Company, being transferred to and vested in the Resulting Company, from the respective book value of assets and liabilities of the Demerged Company.
- (iv) The Demerged Company shall recognize the difference, if any, between the carrying value of distributed assets, the carrying value of the liability for distribution of assets and addition to the investment by the Demerged Company in the Resulting Company, in the Statement of Profit and Loss.
- (v) Any matter not dealt with in clauses hereinabove shall be dealt with in accordance with the Ind AS applicable to the Demerged Company.

19.2 IN THE BOOKS OF THE RESULTING COMPANY:

19.2.1 Notwithstanding anything else contained in the Scheme, upon the Scheme being effective, the Resulting Company shall account for the Scheme in its books of accounts in accordance with Ind AS and generally accepted accounting principles in India.

19.2.2 The Resulting Company shall provide the following accounting treatment in its books of accounts.

- (i) Record the assets and liabilities of the Demerged Undertaking of the Demerged Company, vested in it pursuant to this Scheme at their respective carrying values as appearing in the books of the Demerged Company.
- (ii) The Resulting Company shall credit to its equity share capital, the aggregate of the face value of equity shares issued and allotted by it pursuant to the Scheme and excess, if any, of the fair value of the equity shares issued over the face value of the equity shares issued shall be classified as securities premium under the head "Other Equity".
- (iii) The difference between the fair value of the equity shares issued by the Resulting Company to the shareholders of the Demerged Company as consideration as per Clause 18 and the book value of the assets and liabilities of the Demerged Undertaking received from the Demerged Company will be debited or credited, as the case may be, to equity and classified as "Capital Reserve" under the head "Other Equity".



- (iv) In case of any differences in accounting policies between the Demerged Undertaking of the Demerged Company and the Resulting Company, the accounting policies followed by the Resulting Company shall prevail to ensure that the financial statements reflect the financial position based on consistent accounting policies.
- (v) The Resulting Company shall restate comparative information from the beginning of the comparative period presented or date of incorporation of Resulting Company, whichever is later.
- (vi) Any matter not dealt with in clauses hereinabove shall be dealt with in accordance with the Ind AS applicable to the Resulting Company.

19.2.3 Post giving effect to the Demerger as per Clause 19.2.1 and 19.2.2 above, the debit balance of Capital Reserve, if any, under the head "Other Equity" arising in terms of Clause 19.2.2(iii), shall be adjusted against the corresponding credit balance of securities premium account arising in terms of Clause 19.2.2(ii), in the books of Resulting Company.

19.2.4 The Resulting Company will pass appropriate adjustment entries in a prudent and commercially acceptable manner.

20. REDUCTION OF SECURITIES PREMIUM IN THE BOOKS OF RESULTING COMPANY

20.1. The reduction and utilization of the securities premium account of the Resulting Company as specified in Clause 19.2.3, shall be effected as an integral part of the Scheme, in accordance with provisions of Sections 230 to 232, without having to follow the process under Section 52 and other applicable provisions of the Act and without any further act or deed on part of the Resulting Company. Accordingly, the order by NCLT sanctioning the Scheme shall also be deemed to be the order passed under applicable provisions of Act for the purpose of confirming such reduction of securities premium account. The reduction of securities premium account as aforesaid would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital and as such the provisions of Section 66 of the Act or the other applicable provisions of the Act will not be applicable in view of the explanation to Section 230 of the Act.

20.2. Notwithstanding the reduction in the securities premium account of the Resulting Company, the Resulting Company shall not be required to add "And Reduced" as suffix to its name.

20.3. The consent of shareholders of the Resulting Company, and the consent of the secured and unsecured creditors of the Resulting Company, to the Scheme shall be deemed to be sufficient for the purpose of effecting reduction of Securities Premium Account and no further resolution or action under any other provisions of the Act would be required to be separately passed or taken.

21. CONDUCT OF THE DEMERGED COMPANY TILL THE EFFECTIVE DATE

21.1 Except as provided under this Scheme, from the date of the Scheme being approved by the Board of the Companies and up to the Effective Date, the Demerged Company will carry on the business of the Demerged Undertaking as a going concern in the ordinary course of business and shall continue to operate, manage, and expand and grow the Hotels Business, consistent with past practice in trust and good faith and in accordance with Applicable Law.



21.2 On and from the Effective Date, the Resulting Company shall commence and carry on and shall be authorized to carry on the Hotels Business which was hitherto carried on by the Demerged Company.

22. WRONG POCKET ASSETS

22.1 Subject to Clause 31.2 and Clause 9.1.1(iv), and unless otherwise specified in the terms of the Scheme, no part of the Demerged Undertaking, shall be retained by the Demerged Company after the Effective Date pursuant to the Demerger. If any part of any of the Demerged Undertaking is inadvertently not transferred to the Resulting Company on the Effective Date pursuant to the Demerger, the Demerged Company shall take such actions as may be reasonably required to ensure that such part of the relevant Demerged Undertaking, as the case may be, is transferred to the Resulting Company promptly and for no further consideration, and without any Tax implications. The Demerged Company shall bear all costs and expenses as may be required to be incurred by each of the Demerged Company or the Resulting Company, for giving effect to this Clause.

22.2 No part of the Remaining Business shall be transferred to the Resulting Company pursuant to the Demerger. If any part of the Remaining Business is inadvertently held by the Resulting Company after the Effective Date, the Resulting Company shall take such actions as may be reasonably required to ensure that such part of the Remaining Business is transferred back to the Demerged Company, promptly and for no consideration, and without any Tax implications. The Resulting Company shall bear all costs and expenses as may be required to be incurred by each of the Demerged Company or the Resulting Company for giving effect to this Clause.

22.3 If the Demerged Company realizes any amounts after the Effective Date that form part of the Demerged Undertaking, it shall immediately make payment of such amounts to the Resulting Company. It is clarified that all receivables relating to the Demerged Undertaking, for the period prior to the Effective Date, but received after the Effective Date, relate to the Demerged Undertaking and shall be paid to the Resulting Company for no additional consideration, and without any Tax implications. If the Resulting Company realizes any amounts after the Effective Date that pertains to the Demerged Company or the Remaining Business, the Resulting Company shall immediately pay such amounts to the Demerged Company. Similarly, if the Demerged Company discharges any Demerged Liability after the Effective Date, the Resulting Company shall make payment of such amounts to the Demerged Company.

PART D - GENERAL TERMS AND CONDITIONS

23. AMENDMENT TO CONSTITUTIONAL DOCUMENTS

23.1 Amendment of articles of association of the Resulting Company

- (i) The articles of association of the Resulting Company, if required, shall stand amended and restated to comply with provisions required for listed company.
- (ii) The amendments pursuant to this Clause 23.1 shall become operative on the Scheme becoming effective by virtue of the fact that the shareholders of the Resulting Company, while approving the Scheme as a whole, have approved and accorded the relevant consents as required under the Act for amendment of the articles of association of the Resulting Company and shall not be required to pass separate resolutions under Section 14 or any other applicable provisions of the Act.



24. ADDITIONAL ARRANGEMENTS

24.1 With effect from the Effective Date, the Resulting Company and the Demerged Company may enter into separate arrangements in relation to the following:

- (i) licensing of Intellectual Property which forms part of the Remaining Business (for the avoidance of doubt, including Intellectual Property jointly used by Remaining Business and Hotels Business) from the Demerged Company to the Resulting Company and the use of the assets and properties of the Remaining Business belonging to the Demerged Company, which are required for the operation of the Hotels Business, by the Resulting Company, for such period and on such terms as may be mutually determined by the Companies.
- (ii) use of the assets and properties forming part of the Demerged Undertaking belonging to the Resulting Company, which are required for the operation of the Remaining Business, by the Demerged Company for such period and on such terms as may be mutually determined by the Companies.
- (iii) management agreements and/or operating licenses for the operation and management of such assets which may be retained by the Demerged Company, in accordance with Clause 9.1.1(iv) above, for such period and on such terms as may be mutually determined by the Companies if required.
- (iv) use of assets, services and facilities forming part of the Remaining Business, which are required for the operation of the Demerged Undertaking, by the Resulting Company for such period and on such terms as may be mutually determined by the Companies.

24.2 Approval of this Scheme by the shareholders of the Companies shall be deemed to constitute due compliance with Section 188 and any other applicable provisions of the Act, Regulation 23 and any other applicable provision of the SEBI Listing Regulations and the articles of association of the Resulting Company, and no further action under the Act, the SEBI Listing Regulations or the articles of association of the Resulting Company shall be separately required.

25. APPLICATION TO NCLT

25.1 The Companies shall, make all necessary applications to SEBI/Stock Exchanges in connection with the Scheme and make applications and petitions to jurisdictional NCLT for sanctioning this Scheme under Sections 230 to 232 of the Act, including seeking such orders for convening and holding or alternatively, dispensing with requirements for convening and holding meetings of the shareholders and/or creditors of the Companies as may be directed by the NCLT and obtain such other approvals, as required by Applicable Law.

25.2 The Companies shall be entitled, pending the effectiveness of the Scheme, to apply to any Appropriate Authority, if required, under any Applicable Law for such consents and approvals, as agreed between the Companies, which the Companies may require to effect the transactions contemplated under the Scheme, in any case subject to the terms as may be mutually agreed between the Companies.



26. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 26.1** The Companies (acting through their Boards) may, in their full and absolute discretion, jointly and as mutually agreed in writing, modify, vary or withdraw this Scheme at any time prior to the Effective Date in any manner (including pursuant to any direction by any Appropriate Authority under Applicable Law), provided that any modification to or variation of the Scheme by the Companies, after receipt of sanction by the NCLT, shall take effect only with the prior approval of the NCLT and/or any other Appropriate Authorities as may be required under Applicable Law.
- 26.2** Each of the Companies agree that if, at any time, the NCLT or any Appropriate Authority directs or requires any modification or amendment of the Scheme, such modification or amendment shall not, to the extent it adversely affects the interests of any of the Companies, be binding on each of the Companies, as the case may be, except where the prior written consent of the affected party i.e. Demerged Company or Resulting Company, as the case may be, has been obtained for such modification or amendment, which consent shall not be unreasonably withheld by Demerged Company or Resulting Company, as the case may be.
- 26.3** Both Companies (through their respective Boards) shall determine jointly whether any asset, Liability, employee, legal or other proceedings form part of the Demerged Undertaking or not, on the basis of any evidence that they may deem relevant for this purpose including in case of any question that may arise as to whether any particular asset, Liability, employee, legal or other proceedings pertain or do not pertain to the Demerged Undertaking or the Remaining Business or whether it arises out of the activities or operations of the Demerged Undertaking or the Remaining Business.
- 26.4** If the Companies are desirous of making any material modification to the provisions of the Scheme after receipt of approval of SEBI to the Scheme, such modification shall be subject to approval of SEBI or any further modifications as may be required by SEBI.

27. DIVIDENDS

- 27.1** Each of the Companies shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date.
- 27.2** Prior to the effectiveness of the Scheme, the holders of the shares of each of the Companies shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective articles of association including the right to receive dividends.
- 27.3** 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 shareholder of the Companies to demand or claim any dividends (other than unclaimed dividends) which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of the Companies, and subject to the approval, if required, of the respective shareholders of such Companies.



28. CONDITIONALITY OF THE SCHEME

28.1 This Scheme shall become effective only if the following conditions are either all satisfied or (to the extent permissible under Applicable Laws) waived by the Boards of both Companies:

- (i) the Scheme being approved by the requisite majority of members (passed through postal ballot/ e-voting, as applicable) and/or creditors (where applicable) of the Demerged Company and the Resulting Company as required under the Act, SEBI Scheme Circular and as may be directed by the NCLT, subject to any dispensation that may be granted by the NCLT;
- (ii) the fulfilment, satisfaction or waiver (as the case may be) of any approvals mutually agreed by the Companies as required for completion of the transactions contemplated under this Scheme;
- (iii) receipt of observation or no-objection letter by the Demerged Company from SEBI / Stock Exchanges under Regulation 37 of the SEBI Listing Regulations, in accordance with the SEBI Scheme Circular in respect of the Scheme, on terms acceptable to the Companies;
- (iv) the Scheme being sanctioned by the NCLT in terms of Section 230 to Section 232 and other relevant provisions of the Act on terms acceptable to the Companies; and
- (v) the certified/authenticated copies of the Sanction Order of the NCLT approving this Scheme being filed with the Registrar of Companies.

28.2 Upon fulfillment and/or waiver of the conditions specified herein, the Companies shall mutually acknowledge in writing that all the conditions specified above have been fulfilled and/or waived.

29. EFFECT OF NON-RECEIPT OF APPROVALS

29.1 The Companies (jointly and not severally) shall be at liberty to withdraw this Scheme or any of its parts at any time as may be mutually agreed by the respective Boards of the Companies prior to the Effective Date.

29.2 Upon the withdrawal of this Scheme or any of its parts as set out in Clause 29.1 above, no rights and Liabilities shall accrue to or be incurred by the respective Companies or their shareholders or creditors or employees or any other person. In such case, each Company shall bear its own costs and expenses or as may be otherwise mutually agreed.

30. REMOVAL OF DIFFICULTIES

30.1 The Companies through mutual consent and acting through their respective Boards, jointly and as mutually agreed in writing may:

- (i) give such directions and agree to take steps, as may be necessary, desirable or proper, to resolve all doubts, difficulties or questions arising under this Scheme, whether by reason of any orders of NCLT or of any directive or orders of any Appropriate Authority, under or by virtue of this Scheme in relation to the arrangement contemplated in this Scheme and/or matters concerning or connected therewith or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any manner whatsoever connected therewith, or to review the position relating to the satisfaction of various conditions of this Scheme



and if necessary, to waive any of those to the extent permissible under Applicable Law; and/or

- (ii) do all such acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect.

31. RESIDUAL PROVISIONS

31.1 This Scheme complies with the conditions relating to “demerger” as defined under Sections 2(19AA), 47, and other relevant sections and provisions of the IT Act and is intended to apply accordingly. If any terms or clauses of this Scheme are found to be or interpreted to be inconsistent with any of the relevant provisions of the IT Act (including the conditions set out therein), at a later date, whether as a result of a new enactment or any amendment or coming into force of any provision of the IT Act or any other Applicable Law or any judicial or executive interpretation or for any other reason whatsoever, the Demerged Company and the Resulting Company shall discuss in good faith to modify this Scheme in a mutually satisfactory manner that ensures compliance of this Scheme with such provisions.

31.2 Without prejudice to the aforesaid but subject to Clause 9.1.1(iv) above, it is clarified that if any assets (estate, claims, rights, title, interest in or relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking which the Demerged Company owns or to which the Demerged Company is a party to, cannot be transferred to or vested in the Resulting Company for any reason whatsoever:

- (i) The Demerged Company shall hold such asset or contract, deeds, bonds, agreements, schemes, tenders, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, insofar as it is permissible so to do, till such time as their transfer or vesting in the Resulting Company is effected;
- (ii) The Demerged Company and the Resulting Company shall, however, between themselves, treat each other as if all contracts, deeds, bonds, agreements, schemes, tenders, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking had been transferred to the Resulting Company on the Effective Date; and
- (iii) The Resulting Company shall perform or assist the Demerged Company in performing all of the obligations under those contracts, deeds, bonds, agreements, schemes, tenders, arrangements or other instruments of whatsoever nature, to be discharged after the Effective Date.

It is clarified that the Demerged Company and the Resulting Company may enter into contracts or arrangements, as may be required to give effect to the provisions of this Clause 31.2 and that any such transfer under the provisions hereof shall be deemed to be with effect from the Appointed Date as an integral part of the Scheme.

31.3 The mechanism or arrangement between the Demerged Company and Resulting Company, pursuant to Clause 31.2 above, after the Effective Date, shall be based on the following principles (i) the Demerged Company shall not be responsible for performance of any obligations or for any Liabilities arising from or in relation to the Demerged Undertaking; and shall not be entitled to any rights or to receive any benefits whatsoever in relation to the Demerged Undertaking; (ii) the rights and Liabilities in connection with the Demerged Undertaking, shall rest and be borne entirely and exclusively by Resulting Company, in



each case, subject to any specific agreement executed by the Companies in accordance with Clause 24 of this Scheme.

32. SEVERABILITY

32.1 The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to, only if the Scheme is approved in its entirety and given effect to in accordance with the terms of the Scheme, except to the extent that the Companies may otherwise agree in writing.

32.2 Subject to Clause 32.1 above, if any part of this Scheme is found to be unworkable or unenforceable for any reason whatsoever, then it is the intention of the Companies that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to the Companies, in which case the Companies, acting through their respective Boards, shall attempt to bring about a modification in this Scheme, as will best preserve for the parties, the benefits and obligations of this Scheme, including but not limited to such part, which is invalid, ruled illegal or rejected by the NCLT or any court of competent jurisdiction, or unenforceable under present or future Applicable Laws.

33. COSTS, CHARGES & EXPENSES

Except as otherwise provided anywhere in this Scheme, the Demerged Company shall bear all costs, charges, levies and expenses (including stamp duty, registration charges and other related charges) in relation to or in connection with or incidental to this Scheme.



ANNEXURE 2



ITC Limited

Statement of Unaudited Standalone Financial Results for the Quarter and Nine Months ended 31st December, 2023

(₹ in Crores)

Particulars		3 Months ended 31.12.2023	Corresponding 3 Months ended 31.12.2022	Preceding 3 Months ended 30.09.2023	9 Months ended 31.12.2023	9 Months ended 31.12.2022	Twelve Months ended 31.03.2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Gross Revenue from sale of products and services	(i)	17482.80	17122.15	17548.75	51874.48	52256.89	69480.89
Other operating revenue	(ii)	169.05	143.33	156.33	477.94	488.31	770.39
REVENUE FROM OPERATIONS [(i)+(ii)]	1	17651.85	17265.48	17705.08	52352.42	52745.20	70251.28
OTHER INCOME	2	1135.34	871.72	895.61	2739.69	1691.31	2437.61
TOTAL INCOME (1+2)	3	18787.19	18137.20	18600.69	55092.11	54436.51	72688.89
EXPENSES							
a) Cost of materials consumed		5617.03	4986.28	5371.34	15917.17	14831.45	19809.83
b) Purchases of stock-in-trade		1593.31	1386.36	1285.08	4713.93	7323.45	9109.85
c) Changes in inventories of finished goods, stock-in-trade, work-in-progress and intermediates		(360.96)	298.59	407.82	(301.94)	(68.86)	(39.50)
d) Excise duty		1168.60	1039.75	1155.01	3490.90	3099.91	4208.01
e) Employee benefits expense		949.83	876.97	909.22	2762.84	2675.48	3569.46
f) Finance costs		12.38	10.18	10.51	33.61	29.98	41.81
g) Depreciation and amortization expense		416.75	407.24	413.22	1232.46	1240.79	1662.73
h) Other expenses		2659.75	2454.31	2534.99	7453.55	7148.70	9649.16
TOTAL EXPENSES	4	12056.69	11459.68	12087.19	35302.52	36280.90	48011.35
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (3-4)	5	6730.50	6677.52	6513.50	19789.59	18155.61	24677.54
EXCEPTIONAL ITEMS (Refer Note 4)	6	(5.52)	-	-	(5.52)	-	72.87
PROFIT BEFORE TAX (5+6)	7	6724.98	6677.52	6513.50	19784.07	18155.61	24750.41
TAX EXPENSE	8	1152.91	1646.51	1586.54	4382.30	4489.16	5997.10
a) Current Tax (Refer Note 5)		1095.82	1601.02	1530.23	4217.33	4440.61	6025.32
b) Deferred Tax		57.09	45.49	56.31	164.97	48.55	(28.22)
PROFIT FOR THE PERIOD (7-8)	9	5572.07	5031.01	4926.96	15401.77	13666.45	18753.31
OTHER COMPREHENSIVE INCOME	10	242.42	(37.26)	90.68	756.06	157.16	29.26
A (i) Items that will not be reclassified to profit or loss		261.73	(37.37)	118.70	781.67	263.78	91.31
(ii) Income tax relating to items that will not be reclassified to profit or loss		(31.36)	(9.18)	(9.59)	(38.42)	(14.17)	(0.34)
B (i) Items that will be reclassified to profit or loss		16.11	12.42	(24.64)	17.12	(123.54)	(82.46)
(ii) Income tax relating to items that will be reclassified to profit or loss		(4.06)	(3.13)	6.21	(4.31)	31.09	20.75
TOTAL COMPREHENSIVE INCOME (9+10)	11	5814.49	4993.75	5017.64	16157.83	13823.61	18782.57
PAID UP EQUITY SHARE CAPITAL	12	1247.56	1241.23	1247.09	1247.56	1241.23	1242.80
(Ordinary Shares of ₹ 1/- each)							
RESERVES EXCLUDING REVALUATION RESERVES	13						66351.00
EARNINGS PER SHARE (of ₹ 1/- each) (not annualised):	14						
(a) Basic (₹)		4.47	4.06	3.96	12.37	11.05	15.15
(b) Diluted (₹)		4.45	4.05	3.95	12.33	11.03	15.11

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Notes :

- 1 The Unaudited Standalone Financial Results and Segment Results were reviewed by the Audit Committee, and approved by the Board of Directors of the Company at its meeting held on 29th January, 2024.
- 2 The continuing significant brand building costs covering a range of personal care and branded packaged food products are reflected under 'Other expenses' stated above and in Segment Results under 'FMCG-Others'.
- 3 46,94,150 Ordinary Shares of ₹ 1/- each were issued and allotted under the Company's Employee Stock Option Schemes during the quarter ended 31st December, 2023. Consequently, the issued and paid-up Share Capital of the Company stands increased to ₹ 12,47,56,08,671/- as on 31st December, 2023.
- 4 The Stock Exchanges have given their no-objection to the Scheme of Arrangement for demerger of the Company's Hotels Business into ITC Hotels Limited. The said Scheme of Arrangement was approved by the Board of Directors of the Company at the meeting held on 14th August, 2023, subject to necessary approvals. Further, expenses aggregating ₹ 5.52 Crores incurred during the quarter and nine months ended 31st December, 2023 in relation to the said demerger has been disclosed as 'Exceptional Items'.
- 5 The Company has reassessed its provisions relating to uncertain tax positions for earlier years based on a favourable order of the Hon'ble Supreme Court received during the quarter. This has resulted in a credit of ₹ 468.44 Crores in the Current Tax expense for the quarter and nine months ended 31st December, 2023.
- 6 The Company on 18th October, 2023 had entered into definitive agreements to acquire further shares of Delectable Technologies Private Limited (Delectable), an associate company. On 31st October, 2023, the Company acquired 2,286 Equity Shares of ₹ 10/- each of Delectable, consequent to which the Company's shareholding in that company aggregated 39.32% of its share capital on a fully diluted basis.
- 7 The Board of Directors of the Company have declared an Interim Dividend of ₹ 6.25 per Ordinary Share of ₹ 1/- each (2023 - ₹ 6.00 per Ordinary Share). The Record Date fixed for the purpose of determining entitlement of the Members for the Interim Dividend is Thursday, 8th February, 2024 and such Dividend will be paid between Monday, 26th February, 2024 and Wednesday, 28th February, 2024 to those Members entitled thereto.
- 8 This statement is as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Limited Review

The Limited Review, as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has been completed and the related Report does not have any impact on the above 'Results and Notes' for the Quarter and Nine Months ended 31st December, 2023 which needs to be explained.

ITC LIMITED

Unaudited Segment-wise Revenue, Results, Assets and Liabilities for the Quarter and Nine Months ended 31st December, 2023

(₹ in Crores)

Particulars	STANDALONE					
	3 Months ended 31.12.2023	Corresponding 3 Months ended 31.12.2022	Preceding 3 Months ended 30.09.2023	9 Months ended 31.12.2023	9 Months ended 31.12.2022	Twelve Months ended 31.03.2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Segment Revenue						
a) FMCG - Cigarettes	7548.75	7288.22	7657.73	22671.75	20851.00	28206.83
- Others	5209.05	4841.40	5291.60	15666.66	14177.55	19122.50
Total FMCG	12757.80	12129.62	12949.33	38338.41	35028.55	47329.33
b) Hotels	842.03	712.39	649.38	2091.59	1803.32	2585.03
c) Agri Business	3054.74	3123.77	3930.97	12691.10	14593.74	18172.34
d) Paperboards, Paper & Packaging	2080.93	2305.54	2069.86	6271.55	6860.34	9081.35
Total	18735.50	18271.32	19599.54	59392.65	58285.95	77168.05
Less : Inter-segment revenue	1252.70	1149.17	2050.79	7518.17	6029.06	7687.16
Gross Revenue from sale of products and services	17482.80	17122.15	17548.75	51874.48	52256.89	69480.89
2. Segment Results						
a) FMCG - Cigarettes	4728.07	4619.71	4781.72	14165.86	13237.96	17927.06
- Others [Note (i)]	431.82	348.10	438.60	1301.30	872.56	1374.18
Total FMCG	5159.89	4967.81	5220.32	15467.16	14110.52	19301.24
b) Hotels	229.66	146.15	125.82	486.70	342.30	541.90
c) Agri Business	339.25	391.47	356.68	1051.88	1020.66	1327.74
d) Paperboards, Paper & Packaging	295.95	606.21	315.82	1084.22	1848.97	2293.99
Total	6024.75	6111.64	6018.64	18089.96	17322.45	23464.87
Less : i) Finance Costs	12.38	10.18	10.51	33.61	29.98	41.81
ii) Other un-allocable (income) net of un-allocable expenditure [Note (ii)]	(718.13)	(576.06)	(505.37)	(1733.24)	(863.14)	(1254.48)
iii) Exceptional Items*	5.52	-	-	5.52	-	(72.87)
Profit Before Tax	6724.98	6677.52	6513.50	19784.07	18155.61	24750.41
3. Segment Assets						
a) FMCG - Cigarettes	8905.24	7139.90	8949.16	8905.24	7139.90	7290.67
- Others	12843.49	12010.52	13952.40	12843.49	12010.52	11966.57
Total FMCG	21748.73	19150.42	22901.56	21748.73	19150.42	19257.24
b) Hotels	6510.27	6597.92	6514.51	6510.27	6597.92	6514.91
c) Agri Business	4403.27	3714.47	4650.98	4403.27	3714.47	4114.31
d) Paperboards, Paper & Packaging	9165.75	9215.72	9124.85	9165.75	9215.72	9201.17
Total	41828.02	38678.53	43191.90	41828.02	38678.53	39087.63
Unallocated Corporate Assets	45891.70	45165.70	39701.89	45891.70	45165.70	43174.11
Total Assets	87719.72	83844.23	82893.79	87719.72	83844.23	82261.74
4. Segment Liabilities						
a) FMCG - Cigarettes	5297.81	5128.69	5469.15	5297.81	5128.69	5056.90
- Others	2509.15	2252.03	2492.53	2509.15	2252.03	2351.99
Total FMCG	7806.96	7380.72	7961.68	7806.96	7380.72	7408.89
b) Hotels	1119.09	958.56	1026.83	1119.09	958.56	940.88
c) Agri Business	968.61	1085.35	1076.84	968.61	1085.35	1649.76
d) Paperboards, Paper & Packaging	1288.10	1394.00	1297.55	1288.10	1394.00	1315.17
Total	11182.76	10818.63	11362.90	11182.76	10818.63	11314.70
Unallocated Corporate Liabilities	3323.56	3365.76	4288.10	3323.56	3365.76	3353.24
Total Liabilities	14506.32	14184.39	15651.00	14506.32	14184.39	14667.94

* Refer note 4 to the standalone financial results.

Note (i): In respect of FMCG-Others segment, earnings before interest, taxes, depreciation and amortization (EBITDA) for the quarter and nine months ended 31.12.2023 is ₹ 571.61 Crores and ₹ 1722.08 Crores respectively (quarter ended 31.12.2022 - ₹ 485.11 Crores; quarter ended 30.09.2023 - ₹ 580.79 Crores; nine months ended 31.12.2022 - ₹ 1295.01 Crores and twelve months ended 31.03.2023 - ₹ 1953.97 Crores).

Note (ii): As stock options and stock appreciation linked reward units are granted under the ITC Employee Stock Option Schemes (ITC ESOS) and ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESARP), respectively, to align the interests of employees with those of shareholders and also to attract and retain talent for the enterprise as a whole, the charge thereof do not form part of the segment performance reviewed by the Corporate Management Committee.

Notes:

- (1) The Company's corporate strategy aims at creating multiple drivers of growth anchored on its core competencies. The Company is currently focused on four business groups : FMCG, Hotels, Paperboards, Paper & Packaging and Agri Business. The Company's organisational structure and governance processes are designed to support effective management of multiple businesses while retaining focus on each one of them.

The Operating Segments have been reported in a manner consistent with the internal reporting provided to the Corporate Management Committee, which is the Chief Operating Decision Maker.

- (2) The business groups comprise the following :


FMCG	:	Cigarettes	-	Cigarettes, Cigars etc.
	:	Others	-	Branded Packaged Foods Businesses (Staples & Meals; Snacks; Dairy & Beverages; Biscuits & Cakes; Chocolates, Coffee & Confectionery); Education and Stationery Products; Personal Care Products; Safety Matches and Agarbattis.
Hotels			-	Hoteliering
Paperboards, Paper & Packaging			-	Paperboards, Paper including Specialty Paper & Packaging including Flexibles.
Agri Business			-	Agri commodities such as wheat, rice, spices, coffee, soya and leaf tobacco.

- (3) Segment results of 'FMCG : Others' are after considering significant business development, brand building and gestation costs of Branded Packaged Foods businesses and Personal Care Products business.

Registered Office :
Virginia House, 37 J.L. Nehru Road,
Kolkata 700 071, India

Dated : 29th January, 2024
Place : Kolkata, India

For and on behalf of the Board


Director & Chief Financial Officer


Chairman & Managing Director

Website: www.itcportal.com | E-mail: enduringvalue@itc.in | Phone: +91-33-2288 9371 | Fax: +91-33-2288 0655 | CIN : L16005WB1910PLC001985



ITC Limited

Statement of Unaudited Consolidated Financial Results for the Quarter and Nine Months ended 31st December, 2023

(₹ in Crores)

Particulars		3 Months ended 31.12.2023	Corresponding 3 Months ended 31.12.2022	Preceding 3 Months ended 30.09.2023	9 Months ended 31.12.2023	9 Months ended 31.12.2022	Twelve Months ended 31.03.2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Gross Revenue from sale of products and services	(i)	19337.84	18901.76	19137.51	56983.58	57027.40	75826.58
Other operating revenue	(ii)	146.66	118.89	132.51	410.42	432.52	691.63
REVENUE FROM OPERATIONS [(i)+(ii)]	1	19484.50	19020.65	19270.02	57394.00	57459.92	76518.21
OTHER INCOME	2	656.83	595.43	664.88	2044.01	1370.84	1980.49
TOTAL INCOME (1+2)	3	20141.33	19616.08	19934.90	59438.01	58830.76	78498.70
EXPENSES							
a) Cost of materials consumed		5715.63	5048.13	5451.69	16222.24	15086.01	20275.99
b) Purchases of stock-in-trade		1579.37	1360.17	1280.17	4687.90	7246.68	9088.37
c) Changes in inventories of finished goods, stock-in-trade, work-in-progress and intermediates		(253.15)	487.24	336.81	(249.97)	(97.47)	(358.59)
d) Excise duty		1465.13	1316.13	1495.55	4435.70	4157.96	5581.36
e) Employee benefits expense		1586.39	1446.71	1507.87	4576.40	4293.41	5736.22
f) Finance costs		13.60	9.21	9.87	33.37	31.05	43.20
g) Depreciation and amortization expense		459.45	447.11	453.04	1354.95	1347.61	1809.01
h) Other expenses		2887.31	2657.57	2743.69	8093.60	7732.40	10529.93
TOTAL EXPENSES	4	13453.73	12772.27	13278.69	39154.19	39797.65	52705.49
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (3-4)	5	6687.60	6843.81	6656.21	20283.82	19033.11	25793.21
EXCEPTIONAL ITEMS (Refer Note 4)	6	(5.52)	-	(5.52)	-	-	72.87
PROFIT BEFORE TAX (5+6)	7	6682.08	6843.81	6656.21	20278.30	19033.11	25866.08
TAX EXPENSE	8	1281.57	1773.72	1700.31	4741.77	4830.45	6438.40
a) Current Tax (Refer Note 5)		1238.80	1728.31	1642.86	4591.03	4777.53	6450.90
b) Deferred Tax		42.77	45.41	57.45	150.74	52.92	(12.50)
PROFIT FOR THE PERIOD (7-8)	9	5400.51	5070.09	4955.90	15536.53	14202.66	19427.68
SHARE OF PROFIT / (LOSS) OF ASSOCIATES AND JOINT VENTURES	10	6.01	10.16	8.62	24.12	31.47	49.04
PROFIT AFTER TAX, SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURES (9+10)	11	5406.52	5080.25	4964.52	15560.65	14234.13	19476.72
OTHER COMPREHENSIVE INCOME	12	298.97	(6.50)	13.26	933.10	63.25	91.02
A (i) Items that will not be reclassified to profit or loss		308.10	(48.68)	141.89	927.43	301.51	109.75
(ii) Income tax relating to items that will not be reclassified to profit or loss		(35.70)	(9.18)	(9.28)	(42.45)	(13.44)	0.38
B (i) Items that will be reclassified to profit or loss		30.66	52.42	(126.66)	51.63	(257.98)	(41.05)
(ii) Income tax relating to items that will be reclassified to profit or loss		(4.09)	(1.06)	7.31	(3.51)	33.16	21.94
TOTAL COMPREHENSIVE INCOME (11+12)	13	5705.49	5073.75	4977.78	16493.75	14297.38	19567.74
PROFIT FOR THE PERIOD ATTRIBUTABLE TO :							
OWNERS OF THE PARENT		5335.23	5006.65	4898.07	15338.23	14016.18	19191.66
NON-CONTROLLING INTERESTS		71.29	73.60	66.45	222.42	217.95	285.06
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD							
OWNERS OF THE PARENT		5634.21	5000.15	4911.63	16271.64	14080.40	19283.42
NON-CONTROLLING INTERESTS		71.28	73.60	66.15	222.11	216.98	284.32
PAID UP EQUITY SHARE CAPITAL	14	1247.56	1241.23	1247.09	1247.56	1241.23	1242.80
(Ordinary Shares of ₹ 1/- each)							
RESERVES EXCLUDING REVALUATION RESERVES	15						67912.46
EARNINGS PER SHARE (of ₹ 1/- each) (not annualised):	16						
(a) Basic (₹)		4.28	4.04	3.93	12.32	11.33	15.50
(b) Diluted (₹)		4.26	4.03	3.92	12.28	11.31	15.46

Notes :

- 1 The Unaudited Consolidated Financial Results and Segment Results were reviewed by the Audit Committee, and approved by the Board of Directors of the Company at its meeting held on 29th January, 2024.
- 2 The continuing significant brand building costs covering a range of personal care and branded packaged food products are reflected under 'Other expenses' stated above and in Segment Results under 'FMCG-Others'.
- 3 46,94,150 Ordinary Shares of ₹ 1/- each were issued and allotted under the Company's Employee Stock Option Schemes during the quarter ended 31st December, 2023. Consequently, the issued and paid-up Share Capital of the Company stands increased to ₹ 1247,56,08,671/- as on 31st December, 2023.
- 4 The Stock Exchanges have given their no-objection to the Scheme of Arrangement for demerger of the Company's Hotels Business into ITC Hotels Limited. The said Scheme of Arrangement was approved by the Board of Directors of the Company at the meeting held on 14th August, 2023, subject to necessary approvals. Further, expenses aggregating ₹ 5.52 Crores incurred during the quarter and nine months ended 31st December, 2023 in relation to the said demerger has been disclosed as 'Exceptional Items'.
- 5 The Company has reassessed its provisions relating to uncertain tax positions for earlier years based on a favourable order of the Hon'ble Supreme Court received during the quarter. This has resulted in a credit of ₹ 468.44 Crores in the Current Tax expense for the quarter and nine months ended 31st December, 2023.
- 6 The Company on 18th October, 2023 had entered into definitive agreements to acquire further shares of Delectable Technologies Private Limited (Delectable), an associate company. On 31st October, 2023, the Company acquired 2,286 Equity Shares of ₹ 10/- each of Delectable, consequent to which the Company's shareholding in that company aggregated 39.32% of its share capital on a fully diluted basis.
- 7 The Board of Directors of the Company have declared an Interim Dividend of ₹ 6.25 per Ordinary Share of ₹ 1/- each (2023 - ₹ 6.00 per Ordinary Share). The Record Date fixed for the purpose of determining entitlement of the Members for the Interim Dividend is Thursday, 8th February, 2024 and such Dividend will be paid between Monday, 26th February, 2024 and Wednesday, 28th February, 2024 to those Members entitled thereto.
- 8 This statement is as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Limited Review

The Limited Review, as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has been completed and the related Report does not have any impact on the above 'Results and Notes' for the Quarter and Nine months ended 31st December, 2023 which needs to be explained.

ITC LIMITED
Unaudited Segment-wise Revenue, Results, Assets and Liabilities
for the Quarter and Nine Months ended 31st December, 2023

(₹ in Crores)

CONSOLIDATED						
Particulars	3 Months ended 31.12.2023 (Unaudited)	Corresponding 3 Months ended 31.12.2022 (Unaudited)	Preceding 3 Months ended 30.09.2023 (Unaudited)	9 Months ended 31.12.2023 (Unaudited)	9 Months ended 31.12.2022 (Unaudited)	Twelve Months ended 31.03.2023 (Audited)
1. Segment Revenue						
a) FMCG - Cigarettes	8295.18	8085.72	8328.21	24979.05	23185.20	31267.46
- Others	5218.25	4848.95	5303.25	15694.21	14201.92	19153.09
Total FMCG	13513.43	12934.67	13631.46	40673.26	37387.12	50420.55
b) Hotels	872.46	739.32	675.00	2172.36	1880.40	2689.12
c) Agri Business	3273.23	3305.21	3987.79	12988.00	14836.09	18443.39
d) Paperboards, Paper & Packaging	2080.91	2305.54	2069.88	6271.55	6860.34	9081.35
e) Others	950.04	856.91	912.71	2683.34	2394.44	3262.73
Total	20690.07	20141.65	21276.84	64788.51	63358.39	83897.14
Less : Inter-segment revenue	1352.23	1239.89	2139.33	7804.93	6330.99	8070.56
Gross Revenue from sale of products and services	19337.84	18901.76	19137.51	56983.58	57027.40	75826.58
2. Segment Results						
a) FMCG - Cigarettes	4966.57	4862.33	5002.88	14913.47	13966.91	18882.59
- Others	433.80	351.91	442.34	1310.07	882.76	1386.49
Total FMCG	5400.37	5214.24	5445.22	16223.54	14849.67	20269.08
b) Hotels	233.47	149.25	132.95	500.72	352.41	557.31
c) Agri Business	380.66	436.55	358.78	1091.81	1075.66	1380.21
d) Paperboards, Paper & Packaging	295.22	606.21	314.80	1081.28	1848.97	2293.95
e) Others	177.15	160.38	148.50	418.84	391.50	534.62
Total	6486.87	6566.63	6400.25	19316.19	18518.21	25035.17
Less : i) Finance Costs	13.60	9.21	9.87	33.37	31.05	43.20
ii) Other un-allocable (income) net of un-allocable expenditure (Refer Note)	(214.33)	(286.39)	(265.83)	(1001.00)	(545.95)	(801.24)
iii) Exceptional items*	5.52	-	-	5.52	-	(72.87)
Profit Before Tax	6682.08	6843.81	6656.21	20278.30	19033.11	25866.08
3. Segment Assets						
a) FMCG - Cigarettes	9479.95	7748.08	9576.41	9479.95	7748.08	7913.36
- Others	12936.60	12109.84	14048.77	12936.60	12109.84	12059.55
Total FMCG	22416.55	19857.92	23625.18	22416.55	19857.92	19972.91
b) Hotels	8448.08	7681.00	8302.03	8448.08	7681.00	7896.45
c) Agri Business	5071.05	4240.31	5423.37	5071.05	4240.31	4836.69
d) Paperboards, Paper & Packaging	9264.58	9205.34	9169.91	9264.58	9205.34	9195.24
e) Others	3451.94	2850.49	3366.55	3451.94	2850.49	3090.47
Total	48652.20	43835.06	49887.04	48652.20	43835.06	44991.76
Unallocated Corporate Assets	43077.46	43418.34	37250.04	43077.46	43418.34	40891.22
Total Assets	91729.66	87253.40	87137.08	91729.66	87253.40	85882.98
4. Segment Liabilities						
a) FMCG - Cigarettes	5467.66	5288.88	5712.59	5467.66	5288.88	5239.34
- Others	2493.52	2238.81	2475.88	2493.52	2238.81	2338.08
Total FMCG	7961.18	7527.69	8188.47	7961.18	7527.69	7577.42
b) Hotels	1118.23	947.97	1022.80	1118.23	947.97	920.30
c) Agri Business	1094.50	1125.30	1244.42	1094.50	1125.30	1750.62
d) Paperboards, Paper & Packaging	1294.28	1393.81	1299.35	1294.28	1393.81	1315.18
e) Others	1241.19	1144.55	1299.90	1241.19	1144.55	1210.08
Total	12709.38	12139.32	13054.94	12709.38	12139.32	12773.60
Unallocated Corporate Liabilities	3575.98	3820.65	4450.83	3575.98	3820.65	3570.59
Total Liabilities	16285.36	15959.97	17505.77	16285.36	15959.97	16344.19

* Refer note 4 to the consolidated financial results.

Note: As stock options and stock appreciation linked reward units are granted under the ITC Employee Stock Option Schemes (ITC ESOS) and ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESARP), respectively, to align the interests of employees with those of shareholders and also to attract and retain talent for the enterprise as a whole, the charge thereof do not form part of the segment performance reviewed by the Corporate Management Committee.

Notes:

- (1) The Company's corporate strategy aims at creating multiple drivers of growth anchored on its core competencies. The Company is currently focused on four business groups : FMCG, Hotels, Paperboards, Paper & Packaging and Agri Business. The Company's organisational structure and governance processes are designed to support effective management of multiple businesses while retaining focus on each one of them.

The Operating Segments have been reported in a manner consistent with the internal reporting provided to the Corporate Management Committee, which is the Chief Operating Decision Maker.

- (2) The business groups comprise the following :

FMCG	:	Cigarettes	-	Cigarettes, Cigars etc.
	:	Others	-	Branded Packaged Foods Businesses (Staples & Meals; Snacks; Dairy & Beverages; Biscuits & Cakes; Chocolates, Coffee & Confectionery); Education and Stationery Products; Personal Care Products; Safety Matches and Agarbattis.
Hotels			-	Hoteliering.
Paperboards, Paper & Packaging			-	Paperboards, Paper including Specialty Paper & Packaging including Flexibles.
Agri Business			-	Agri commodities such as wheat, rice, spices, coffee, soya, and leaf tobacco.
Others			-	Information Technology services, Branded Residences etc.

- (3) Segment results of 'FMCG : Others' are after considering significant business development, brand building and gestation costs of Branded Packaged Foods businesses and Personal Care Products business.

Registered Office :
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For and on behalf of the Board

Dated : 29th January, 2024
Place : Kolkata, India


Director & Chief Financial Officer


Chairman & Managing Director

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Extract of Unaudited Standalone and Consolidated Financial Results for the Quarter and Nine Months ended 31st December, 2023

Sl. No.	Particulars	Standalone			Consolidated		
		3 Months ended 31.12.2023	9 Months ended 31.12.2023	Corresponding 3 Months ended 31.12.2022	3 Months ended 31.12.2023	9 Months ended 31.12.2023	Corresponding 3 Months ended 31.12.2022
1	Total Income from Operations	18787.19	55092.11	18137.20	20141.33	59438.01	19616.08
2	Net Profit / (Loss) for the period (before tax and Exceptional items)	6730.50	19789.59	6677.52	6687.60	20283.82	6843.81
3	Net Profit / (Loss) for the period before tax (after Exceptional items)	6724.98	19784.07	6677.52	6682.08	20278.30	6843.81
4	Net Profit / (Loss) for the period after tax (after Exceptional items)	5572.07	15401.77	5031.01	5406.52	15560.65	5080.25
5	Total Comprehensive Income for the period [Comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income (after tax)]	5814.49	16157.83	4993.75	5705.49	16493.75	5073.75
6	Equity Share Capital	1247.56	1247.56	1241.23	1247.56	1247.56	1241.23
7	Earnings Per Share (of ₹ 1/- each) (not annualised):						
1	Basic (₹):	4.47	12.37	4.06	4.28	12.32	4.04
2	Diluted (₹):	4.45	12.33	4.05	4.26	12.28	4.03

Note:

- a) The above is an extract of the detailed format of the Statements of Unaudited Standalone and Consolidated Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Unaudited Standalone Financial Results and Segment Results were reviewed by the Audit Committee, and approved by the Board of Directors of the Company at its meeting held on 29th January, 2024. The full format of the Statements of Unaudited Standalone and Consolidated Financial Results are available on the Company's website (www.itcportal.com) and on the websites of the National Stock Exchange of India Limited (www.nseindia.com), BSE Limited (www.bseindia.com) and The Calcutta Stock Exchange Limited (www.cse-india.com).
- b) The Stock Exchanges have given their no-objection to the Scheme of Arrangement for demerger of the Company's Hotels Business into ITC Hotels Limited. The said Scheme of Arrangement was approved by the Board of Directors of the Company at the meeting held on 14th August, 2023, subject to necessary approvals. Further, expenses aggregating ₹ 5.52 Crores incurred during the quarter and nine months ended 31st December, 2023 in relation to the said demerger has been disclosed as 'Exceptional Items'.
- c) The Board of Directors of the Company have declared an Interim Dividend of ₹ 6.25 per Ordinary Share of ₹ 1/- each (2023 - ₹ 6.00 per Ordinary Share). The Record Date fixed for the purpose of determining entitlement of the Members for the Interim Dividend is Thursday, 8th February, 2024 and such Dividend will be paid between Monday, 26th February, 2024 and Wednesday, 28th February, 2024 to those Members entitled thereto.

d) The Limited Review, as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has been completed and the related Reports have been forwarded to the Stock Exchanges. These Reports do not have any impact on the above 'Results and Notes' for the Quarter and Nine Months ended 31st December, 2023 which needs to be explained.

Registered Office :
Virginia House, 37 J.L. Nehru Road,
Kolkata 700 071, India

Dated : 29th January, 2024
Place : Kolkata, India

For and on behalf of the Board

Chairman & Managing Director

Director & Chief Financial Officer


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Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

**Review Report to
The Board of Directors
ITC Limited**

1. We have reviewed the accompanying statement of unaudited standalone financial results of ITC Limited (the "Company") for the quarter ended December 31, 2023 and year to date from April 01, 2023 to December 31, 2023 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. The Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The Statement has been approved by the Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm registration number: 324982E/E300003


per **Arvind Sethi**
Partner
Membership No.: 89802

UDIN: 24089802BKEJEK6375

Place - Kolkata
Date - January 29, 2024



Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**Review Report to
The Board of Directors
ITC Limited**

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of ITC Limited (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint ventures for the quarter ended December 31, 2023 and year to date from April 01, 2023 to December 31, 2023 (the "Statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. The Holding Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The Statement has been approved by the Holding Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the entities as mentioned in Annexure 1.
5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.



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ITC Limited

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6. The accompanying Statement includes the unaudited interim financial results and other financial information, in respect of eleven subsidiaries, whose unaudited interim financial results include total revenues of Rs. 920.61 crores and Rs. 2,601.09 crores, total net profit after tax of Rs. 153.98 crores and Rs. 368.54 crores, total comprehensive income of Rs. 204.70 crores and Rs. 516.01 crores, for the quarter ended December 31, 2023 and the period ended on that date respectively, as considered in the Statement which have been reviewed by their respective independent auditors.


The independent auditor's reports on interim financial results of these entities have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures in respect of these subsidiaries is based solely on the report of such auditors and procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement in respect of matters stated in para 6 above is not modified with respect to our reliance on the work done and the reports of the other auditors.

For SRBC & CO LLP

Chartered Accountants

ICAI Firm registration number: 324982E/E300003


per Arvind Sethi

Partner

Membership No.: 89802

UDIN:24089802BKEJEL3675

Place: Kolkata

Date: January 29, 2024



S R B C & CO LLP

Chartered Accountants

ITC Limited

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Annexure – 1

List of subsidiaries/associates/joint ventures

Subsidiaries

S. No.	Name
1	Russell Credit Limited
2	Greenacre Holdings Limited*
3	WelcomHotels Lanka (Private) Limited
4	Technico Agri Sciences Limited
5	Prag Agro Farm Limited
6	Pavan Poplar Limited
7	ITC Infotech India Limited
8	ITC Infotech Do Brasil LTDA. *
9	ITC Infotech Limited, UK*
10	ITC Infotech (USA), Inc.*
11	Indivate Inc.*
12	ITC infotech GmbH *
13	ITC Infotech France SAS *
14	ITC Infotech Malaysia Sdn. Bhd *
15	ITC Infotech de México, S.A. de C.V. (w.e.f. April 17, 2023)*
16	ITC Infotech Arabia Limited (w.e.f. December 17, 2023)*
17	Landbase India Limited
18	Bay Islands Hotels Limited
19	Technico Pty Limited
20	Technico Technologies Inc.*
21	Technico Asia Holdings Pty Limited*
22	Technico Horticultural (Kunming) Co. Limited*
23	ITC Integrated Business Services Limited
24	MRR Trading & Investment Company Limited*
25	Fortune Park Hotels Limited
26	Gold Flake Corporation Limited
27	Surya Nepal Private Limited
28	Surya Nepal Ventures Pvt. Ltd. (w.e.f. July 03, 2023)*
29	North East Nutrients Private Limited
30	Wimco Limited
31	Srinivasa Resorts Limited
32	ITC IndiVision Limited
33	ITC Fibre Innovations Limited
34	ITC Hotels Limited (w.e.f. July 28, 2023)

*Represents step-down subsidiaries

Associates

S. No.	Name
1	Gujarat Hotels Limited
2	International Travel House Limited [#]
3	ATC Limited [#]



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ITC Limited

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4	Divya Management Limited [#]
5	Antrang Finance Limited [#]
6	Russell Investments Limited [#]
7	Delectable Technologies Private Limited
8	Mother Sparsh Baby Care Private Limited
9	Sproutlife Foods Private Limited (w.e.f. May 04, 2023)

[#] Represents associate of subsidiaries

Joint Ventures

S. No.	Name
1	Maharaja Heritage Resorts Limited
2	Logix Developers Private Limited
3	ITC Filtrona Limited [^]

[^] Joint venture of a subsidiary



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S.R. BATLIBOI & CO. LLP

Chartered Accountants

67, Institutional Area
Sector 44, Gurugram - 122 003
Haryana, India

Tel: +91 124 681 6000

INDEPENDENT AUDITOR'S REPORT

To the Members of ITC Hotels Limited

Report on the Audit of the Ind AS Financial Statements**Opinion**

We have audited the accompanying Ind AS financial statements of ITC Hotels Limited ("the Company"), which comprise the Balance sheet as at March 31, 2024, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the period then ended, and notes to the Ind AS financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, its profit including other comprehensive income, its cash flows and the changes in equity for the period ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibility of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books ;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended, specified under section 133 of the Act;



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- (e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the period ended March 31, 2024 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv.
 - a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
 - v. No dividend has been declared or paid during the period by the Company.



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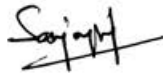
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- vi. The Company does not use an accounting software for maintaining its books of account. Accordingly, the requirement to report on Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Sanjay Vij

Partner

Membership Number: 095169

UDIN: 24095169BKFNC7629

Place of Signature: Gurugram

Date: April 23, 2024



S.R. BATLIBOI & CO. LLP

Chartered Accountants

Annexure 1 referred to in paragraph under the heading “Report on other legal and regulatory requirements” of our report of even date

Re: ITC Hotels Limited (“the Company”)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a), (b), (c), (d) - The Company does not have any property, plant and equipment or intangible assets in the books of the Company. Accordingly, the requirement to report on Clause 3(i)(a)(A), 3(i)(a)(B), 3(i)(b), 3(i)(c) and 3(i)(d) of the Order are not applicable to the Company.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company does not have commercial operations and therefore does not have inventories. Accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.

(b) The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the period on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) During the period, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) to 3(iii)(f) of the Order is not applicable to the Company.

(iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of Sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) Since the Company does not have commercial operations upto March 31, 2024, the requirements relating to report on clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the period end, for a period of more than six months from the date they became payable. The provisions related to provident fund, employees' state insurance, sales tax, service tax, duty of custom, duty of excise, value added taxes and cess are not applicable to the Company.



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(b) There are no dues of goods and services tax, provident fund, employees' state insurance, income tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess, and other statutory dues which have not been deposited on account of any dispute.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the period. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the period. Accordingly, the requirement to report on clause ix(a) of the Order is not applicable to the Company.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company did not have any term loans outstanding during the period hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(d) The Company did not raise any funds during the period hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.

(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

(f) The Company has not raised loans during the period on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the period by way of initial public offer / further public offer (including debt instruments). Accordingly, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the period under audit. Accordingly, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the period.

(b) During the period, no report under Sub-Section (12) of Section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the period.

(xii) (a) and (b) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Accordingly, the requirement to report on clause 3(xii)(a) and 3(xii)(b) of the Order are not applicable to the Company.



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(xiii) Transactions with the related parties are in compliance with sections 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly the requirements to report under clause 3(xiii) of the Order insofar as it relates to section 177 of the Act is not applicable to the Company.

(xiv) (a) The Company does not have an internal audit system and is not required to have an internal audit system under the provisions of Section 138 of the Companies Act, 2013. Therefore, the requirement to report under clause 3(xiv)(a) of the Order is not applicable to the Company.

(b) The Company does not have an internal audit system and is not required to have an internal audit system under the provisions of Section 138 of the Companies Act, 2013. Therefore, the requirement to report under clause 3(xiv)(b) of the Order is not applicable to the Company.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current period and the Company has been registered for a period of less than one year.

(xviii) There has been no resignation of the statutory auditors during the period and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in Note 18 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

(xx) (a) The provisions of Section 135 to the Companies Act, 2013 in relation to Corporate Social Responsibility is not applicable to the Company. Accordingly, the requirement to report on clause 3(xx)(a) of the Order is not applicable to the Company.

(b) The provisions of Section 135 to the Companies Act, 2013 in relation to Corporate Social Responsibility is not applicable to the Company. Accordingly, the requirement to report on clause 3(xx)(b) of the Order is not applicable to the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Sanjay Vij**

Partner

Membership Number: 095169

UDIN: 24095169BKFNC7629

Place of Signature: Gurugram

Date: April 23, 2024



ANNEXURE 2: TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ITC HOTELS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of ITC Hotels Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these financial statements.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

Meaning of Internal Financial Controls With Reference to these Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

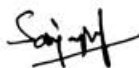
Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Sanjay Vij

Partner

Membership Number: 095169

UDIN: 24095169BKFNC7629

Place of Signature: Gurugram

Date: April 23, 2024



ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

Balance Sheet as at March 31, 2024

(Rupees in Lakhs unless specified otherwise)

	Notes	As at March 31, 2024	
ASSETS			
Non-current assets			
(a) Deferred tax assets (net)	4	47.52	56.60
(b) Income tax assets (net)	5	9.08	
Current assets			
(a) Financial Assets			
(i) Cash and cash equivalents	6	24.32	8,581.34
(ii) Other Bank Balances	7	8,150.00	
(iii) Others	8	373.03	
(b) Other current assets	9	33.99	
TOTAL ASSETS			8,637.94
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	10	8,300.00	8,410.52
(b) Other Equity		110.52	
Liabilities			
Current liabilities			
(a) Financial Liabilities			
(i) Other financial liabilities	11	221.01	227.42
(b) Other current liabilities	12	6.40	
TOTAL EQUITY AND LIABILITIES			8,637.94

The accompanying notes 1 to 21 are an integral part of the Financial Statements

As per report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

Sanjay Vij

Sanjay Vij
Partner

Membership Number: 095169

Place : Gurugram

Date : April 23, 2024

On Behalf of the Board of Directors

Karthik Bhanu

Director

(DIN:10260028)

Dilwaker Dinesh

Manager & Company Secretary

Place: Kolkata

Date: April 23, 2024

Rajesh Poddar

Director

(DIN:00297605)

Chandan Saboo

Chief Financial Officer

ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

Statement of Profit and Loss for the period from July 28, 2023 to March 31, 2024

(Rupees in Lakhs unless specified otherwise)

Particulars		Notes	For the period from July 28, 2023 to March 31, 2024
I	Revenue from operations		-
II	Other income	13	416.64
III	Total Income (I+II)		416.64
IV	EXPENSES		
	Employee benefits expense	14	79.06
	Other expenses	15	189.88
	Total expenses (IV)		268.94
V	Profit before exceptional items and tax (III - IV)		147.69
VI	Exceptional Items		-
VII	Profit before tax (V + VI)		147.69
VIII	Tax expense:		
	Current tax	16	84.69
	Deferred tax	16	(47.52)
IX	Profit for the period (VII - VIII)		110.52
X	Other Comprehensive Income		-
XI	Total Comprehensive Income for the period (IX + X)		110.52
XII	Earnings per equity share (Face value of ₹ 1.00 each):		
	(1) Basic (in ₹)	17	0.01
	(2) Diluted (in ₹)	17	0.01

The accompanying notes 1 to 21 are an integral part of the Financial Statements

As per report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005


Sanjay Vij
Partner

Membership Number: 095169

Place : Gurugram

Date : April 23, 2024

On Behalf of the Board of Directors


Karthik Bhanu
Director

(DIN:10260028)


Diwaker Dinesh
Manager & Company Secretary

Rajesh Poddar
Director

(DIN:00297605)


Chandan Saboo
Chief Financial Officer

Place: Kolkata

Date: April 23, 2024

ITC HOTELS LIMITED

(CIN: US5101WB2023PLC263914)

Statement of changes in equity for the period from July 28, 2023 to March 31, 2024

(Rupees in Lakhs unless specified otherwise)

A. Equity Share Capital

	Balance at the beginning of the reporting period	Changes in equity share capital during the period	Balance at the end of the reporting period
For the period from July 28, 2023 to March 31, 2024	-	8,300	8,300

B. Other Equity

	Reserves and Surplus Retained Earnings	Total
Balance as at beginning of the period		
Profit for the period	110.52	110.52
Other Comprehensive Income (net of tax)	-	-
Total Comprehensive Income for the period	110.52	110.52
Balance as at March 31, 2024	110.52	110.52

Retained Earnings: This Reserve represents the cumulative profits that the Company has earned till date. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

The accompanying notes 1 to 21 are an integral part of the Financial Statements

As per report of even date
For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

Sanjay Vij
Partner
Membership Number: 095169




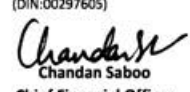
Place : Gurugram
Date : April 23, 2024

On Behalf of the Board of Directors


Karthik Bhanu
Director
(DIN:10260028)

Diwaker Dinesh
Manager & Company Secretary

Place: Kolkata
Date: April 23, 2024


Rajesh Poddar
Director
(DIN:00297605)

Chandan Saboo
Chief Financial Officer

ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

Statement of Cash Flows for the period from 28th July, 2023 to March 31, 2024

(Rupees in Lakhs unless specified otherwise)

Sl. No.	Particulars	For the period from July 28, 2023 to March 31, 2024	
A.	Cash Flow from Operating Activities		
	Profit Before Tax		147.69
	Adjustments to reconcile profit before tax to net cash flows :		
	Interest Income	(416.64)	(416.64)
	Operating loss before working capital changes		(268.94)
	Working capital adjustments :		
	Other financial liabilities	221.01	
	Other current liabilities	6.40	
	Other current assets	(33.99)	
			193.43
	Cash generated from / (used in) operations		(75.51)
	Income Tax Paid		(93.77)
	Net cash generated from / (used in) operating activities		(169.29)
B.	Cash Flow from Investing Activities :		
	Investment in bank deposits (original maturity more than 3 months)	(8,250.00)	
	Interest Received	43.61	
	Redemption/maturity of bank deposits	100.00	
	Net cash generated from / (used in) investing activities		(8,106.39)
C.	Cash Flow from Financial Activities :		
	Proceeds from issue of share capital	8,300.00	
	Net Cash generated from/ (used in) Financing Activities		8,300.00
	Net Increase In Cash and cash equivalents		24.32
	Opening Cash and cash equivalents		-
	Closing Cash and cash equivalents		24.32

Note:

The above Statement of Cash Flows has been prepared under the "Indirect Method" as set out in the IndAS - 7 Cash Flow Statements.

The accompanying notes 1 to 21 are an integral part of the Financial Statements

As per report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

Sanjay Vij
Partner

Membership Number: 095169

Place : Gurugram

Date : April 23, 2024

On Behalf of the Board of Directors

Karthik Bhanu

Director

(DIN:10260028)

Diwaker Dinesh

Manager & Company Secretary

Rajesh Poddar

Director

(DIN:00297605)

Chandan Saboo

Chief Financial Officer

Place: Kolkata

Date: April 23, 2024

ITC HOTELS LIMITED

Notes to the Financial Statements for the year ended March 31, 2024

1. Corporate information

ITC Hotels Limited (CIN No. U55101WB2023PLC263914), a 100% subsidiary of ITC Limited, is a public Company domiciled in India and is incorporated under the provision of the Companies Act, 2013. The registered office of the Company is located at Kolkata, West Bengal, India.

These are the first financial statements of the company. Accordingly, no comparative information has been provided.

2. Material accounting policies

(i) Statement of Compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013.

(ii) Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at amortised cost or fair values. The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

(iii) Operating Cycle

Based on the time involved between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has identified twelve months as its operating cycle for determining current and non-current classification of assets and liabilities in the balance sheet.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(iv) Financial instruments, Financial assets, Financial liabilities and Equity Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value except for trade receivables that do not contain a significant financing component, which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

a) Financial Assets

Recognition: Financial assets include Cash and Cash Equivalents, Other Bank Balances, and other financial assets. Such assets are initially recognised at fair value or transaction price, as applicable, when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

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ITC HOTELS LIMITED

Notes to the Financial Statements for the year ended March 31, 2024

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

- (a) Amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest.
- (b) Fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.
- (c) Fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value. Unrealised gains and losses arising from changes in the fair value, interest income and dividend income, if any are recognised under 'Other Income' in the Statement of Profit and Loss in the period in which they arise.

Cash and cash equivalents, Other Bank Balances and Other financial assets etc. are classified for measurement at amortised cost.

De-recognition: Financial assets are de-recognised when the right to receive cash flows from the assets has expired, or has been transferred and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

- (a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;
- (b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Income recognition: Interest income from financial assets is recognised in profit or loss using effective interest rate method.

b) Financial Liabilities

Other financial liabilities are initially recognised at fair value and are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled or on expiry.

c) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

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ITC HOTELS LIMITED

Notes to the Financial Statements for the year ended March 31, 2024

(v) **Employee Benefits**

Short-term benefits

Short term employee benefits are expenses in the period in which the employee renders the related service on an undiscounted basis. A liability is recognized for the amount expected to be paid within twelve months, if the company has a present legal or constructive obligation to pay the same as a result of past service provided by the employee and the obligation can be reliably estimated.

(vi) **Taxes**

Taxes on income comprises of current taxes and deferred taxes.

Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates enacted or substantively enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax assets are recognised for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

(vii) **Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the Standalone statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3. **Use of Estimates and Judgements**

There are no significant accounting judgements, estimates and assumptions made by the Company for the purpose of preparation of these financial statements.

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ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

Notes to the Financial Statements for the year ended March 31, 2024

(Rupees in Lakhs unless specified otherwise)

	As at March 31, 2024
4. Deferred tax assets (Net)	
Deferred tax assets	47.52
TOTAL	47.52

Movement in deferred tax (liabilities) / assets balances

As at March 31, 2024	As at July 28, 2023	Recognized in profit or loss	As at March 31, 2024
Deferred tax assets / liabilities in relation to:			
Other timing differences	-	47.52	47.52
Total deferred tax assets		47.52	47.52
Total deferred tax liabilities		-	
Deferred tax assets (net)	-	47.52	47.52

	As at March 31, 2024
5. Income tax assets (net)	
Advance income tax (net of provisions)	9.08
TOTAL	9.08




ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

Notes to the Financial Statements for the year ended March 31, 2024

(Rupees in Lakhs unless specified otherwise)

	As at March 31, 2024
6. Cash and cash equivalents[@]	
Balances with Banks	
Current account	24.32
TOTAL	24.32

[@] Cash and cash equivalents include cash at bank. The Company does not have any significant cash and cash equivalents that are not available for use.

	As at March 31, 2024
7. Other bank balances	
In deposit accounts *	8,150.00
TOTAL	8,150.00

* Represents deposits with original maturity of more than 3 months having remaining maturity of less than 12 months from Balance Sheet Date.

	As at March 31, 2024
8. Other financial assets	
Unsecured	
a) Interest accrued on deposits with bank	373.02
TOTAL	373.02

	As at March 31, 2024
9. Other current assets	
Balances with statutory authorities	33.99
TOTAL	33.99

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ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

Notes to the Financial Statements for the year ended March 31, 2024

(Rupees in Lakhs unless specified otherwise)

	As at March 31, 2024 (No. of Shares)	As at March 31, 2024
10. Equity share capital		
a. Authorised share capital		
Equity Shares of ₹ 1.00 each	2,50,00,00,000	25,000.00
b. Issued, Subscribed and fully paid-up equity shares		
Equity Shares of ₹ 1.00 each issued, subscribed and fully paid	83,00,00,000	8,300.00

A) Reconciliation of the equity shares outstanding

	As at March 31, 2024 (No. of Shares)	As at March 31, 2024
As at beginning of the period	-	-
Add: Issued during the period	83,00,00,000	8,300.00
As at end of the period	83,00,00,000	8,300.00

B) Shareholders holding more than 5% of the Shares in the Company

	As at March 31, 2024 (No. of Shares)	As at March 31, 2024 (% holding)
ITC Limited, the Holding Company, jointly with its nominees	83,00,00,000	100%

C) Shares held by holding company and its nominees

	As at March 31, 2024 (No. of Shares)	As at March 31, 2024
ITC Limited, the Holding Company	82,99,99,994	8,300.00
ITC Limited, the Holding Company jointly with its nominees	6	0.00

D) Shareholding of promoters

Particulars	Promoter Name	As at March 31, 2024				
		No. of shares as at beginning of the period	Change during the year	No. of shares as at end of the period	% of Total Shares	% change during the period
Equity Shares of ₹ 1 each, fully paid	ITC Limited	-	83,00,00,000	83,00,00,000	100%	100%
Total		-	83,00,00,000	83,00,00,000	100%	100%

E) Equity Shares allotted as fully paid pursuant to contract(s) without payment being received in cash or as fully paid up Bonus Shares during the period of five years immediately preceding 31st March : Nil

F) Rights, preferences and restrictions attached to the Equity Shares

The equity shares of company, having par value of ₹ 1.00 per share, rank pari passu in all respects including voting rights and entitlement to dividend.



ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

Notes to the Financial Statements for the year ended March 31, 2024

(Rupees in Lakhs unless specified otherwise)

	As at March 31, 2024
11. Other financial liabilities - current	
Others (liability for expenses, payable to holding company)*	221.01
TOTAL	221.01

**Refer Note 15*

	As at March 31, 2024
12. Other current liabilities	
Statutory liabilities	6.40
TOTAL	6.40

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ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

Notes to the Financial Statements for the year ended March 31, 2024

(Rupees in Lakhs unless specified otherwise)

	For the period from July 28, 2023 to March 31, 2024
13. Other income	
Interest income	416.64
TOTAL	416.64

Interest income comprises interest from:	
Deposits with banks - carried at amortised cost	416.64
TOTAL	416.64

	For the period from July 28, 2023 to March 31, 2024
14. Employee benefits expense	
Remuneration of managers' salary on deputation	79.06
TOTAL	79.06

	For the period from July 28, 2023 to March 31, 2024
15. Other Expenses	
Rates and taxes	188.83
Miscellaneous expenses	1.06
TOTAL	189.88

Miscellaneous expenses include	
Payment to statutory auditors	
Audit fees*	1.00
TOTAL	1.00

*excluding taxes



ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

Notes to the Financial Statements for the year ended March 31, 2024(Rupees in Lakhs unless specified otherwise)

	For the period from July 28, 2023 to March 31, 2024
16. Income tax expenses	
A. Amount recognised in profit or loss	
Current tax	
Income tax for the period	84.69
Total current tax	84.69
Deferred tax	
Deferred tax for the period	(47.52)
Total deferred tax	(47.52)
Total tax expenses	37.17

B. Reconciliation of effective tax rate

The income tax expense for the period can be reconciled to the accounting profit as follows:

Profit before tax	147.69
Income tax expense calculated at 25.168%	37.17
Income tax recognised in profit or loss	37.17

The tax rate of 25.168% (22% + surcharge @10% and cess @4%) used for the year 2023-24 is the corporate tax rate

	For the period from July 28, 2023 to March 31, 2024
17. Earnings per share:	
<u>Earnings per share has been computed as under:</u>	
(a) Profit for the period (₹ in Lakhs)	110.52
(b) Weighted average number of Ordinary shares outstanding for the purpose of basic earnings per share	79,65,32,258
(c) Effect of potential Ordinary shares on Employee Stock Options outstanding	-
(d) Weighted average number of Ordinary shares in computing diluted earnings per share [(b) + (c)]	79,65,32,258
(e) Earnings per share on profit for the period (Face Value ₹ 1.00 per share)	
– Basic [(a) / (b)] (in ₹)	0.01
– Diluted [(a) / (d)] (in ₹)	0.01



ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

Notes to the Financial Statements for the year ended March 31, 2024

(Rupees in Lakhs unless specified otherwise)

18. Financial Ratios

Ratio	Numerator	Denominator	March 31, 2024	Remarks
Current Ratio (in times)	Current Assets	Current Liabilities	37.73	Company was incorporated in the current year, hence no comparative period information is provided.
Return on Equity (in %)	Profit for the period	Shareholders' Equity	1.31%	

The following financials ratios are not applicable to the Company

Trade Receivable Turnover Ratio

Trade Payable Turnover Ratio

Net Capital Turnover Ratio

Net Profit ratio

Return on Capital Employed

Return on investment

Debt Service Coverage ratio

Debt - Equity ratio

Inventory Turnover Ratio



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ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

Notes to the Financial Statements for the year ended March 31, 2024

(Rupees in Lakhs unless specified otherwise)

19. Related Party Disclosures**A. Names of related parties and description of relationship:**

(a) Holding Company	ITC Limited
(b) Key Management Personnel	Mr. Rajesh Poddar - Non-Executive Director (w.e.f. July 28, 2023)
	Mr. Mayur Dogra - Non-Executive Director (w.e.f. July 28, 2023)
	Mr. Ushasi Das - Non-Executive Director (w.e.f. July 28, 2023)
	Mr. Karthik Bhanu - Non-Executive Director (w.e.f. July 28, 2023)
	Mr. Chandan Saboo - Chief Financial Officer (w.e.f. September 11, 2023)
	Mr. Diwaker Dinesh - Company Secretary & Manager (w.e.f. September 11, 2023)

B. Summary of transactions with the above related parties is as follows:

	For the period from July 28, 2023 to March 31, 2024
(a) Holding Company	
Issue of equity shares	8,300.00
Remuneration of managers on deputation reimbursed*	63.05
Reimbursement of Expenses incurred on behalf of the company (rates and taxes)	222.81

Out of the above, ₹ 34.44 Lakhs is attributable to the Manager & Company Secretary of the Company and ₹ 25.84 lakhs is attributable to the Chief Financial Officer of the Company.

C. Disclosure of outstanding balances:

	As at March 31, 2024
Others financial liabilities - ITC Limited (unsecured)	204.09

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ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

Notes to the Financial Statements for the year ended March 31, 2024

(Rupees in Lakhs unless specified otherwise)

20. Financial instruments and related disclosures**a. Capital Management**

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return of the stakeholders through optimum fund utilization. The Company does not have any long-term debt obligation and funds its operations mainly through equity share capital as detailed in Statement of Changes in Equity. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value. Further, the Company is not exposed to any externally imposed capital requirements.

b. Categories of Financial Instrument

	As at March 31, 2024	
	Carrying Value	Fair Value
A. Financial Assets		
a) Measured at amortised cost		
Cash and cash equivalents	24.32	24.32
Other bank balances	8,150.00	8,150.00
Other financial assets	373.03	373.03
B. Financial Liabilities		
Measured at amortised cost		
Other financial liabilities	221.01	221.01

c. Financial Risk Management Objectives

The Company's exposure to financial risks such as market risk, foreign currency risk, liquidity risk and credit risk is limited. The Company has designed its Risk Management System in line with the nature and scale of its operations to address risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company.

i) Market risk

The Company is not an active investor in Equity market. The Company's investments are predominantly held in fixed deposits with banks. Fixed deposits are held with highly rated banks and are not subject to interest rate volatility

ii) Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As majority of the financial assets and liabilities of the Company are either short term or fixed interest-bearing instruments, the Company's net exposure to interest risk is negligible.

iii) Foreign currency risk

The Company has not undertaken any transactions during the period in any currency other than the company's functional currency.

iv) Liquidity risk

The Company manages its liquidity risk by ensuring that it will always have sufficient liquidity to meet its liabilities when due. The table below provides details regarding the remaining contractual maturities of significant financial liabilities at the reporting date

	As at March 31, 2024
	Other Financial Liabilities
Carrying Value	221.01
Less than 3 months	221.01
More than 3 months up to 6 months	-
More than 6 months up to 1 year	-
More than 1 year	-
Total	221.01

* The table has been drawn up based on the earliest date on which the Company can be required to pay

(v) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument which may lead to a financial loss to the Company. There is no significant credit risk in the year as the Company has not started sales operations.



ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

Notes to the Financial Statements for the year ended March 31, 2024

(Rupees in Lakhs unless specified otherwise)

21. (i) Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days during the period and also as at March 31, 2024. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company

Particulars	As at March 31, 2024
i. the principal amount remaining unpaid to any supplier as at the end of accounting year(Trade payable and payable to creditors for capital expenditure);	-
ii. Interest due thereon remaining unpaid to any supplier as at the end of the accounting year;	-
iii. the amount of interest paid by the buyer in terms of Section 16 of MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during accounting year;	-
iv. the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-
v. the amount of interest accrued during the year and remaining unpaid at the end of the accounting year and,	-
vi. the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act, 2006.	-

(ii) Segment Reporting

The company is yet to start commercial operations as on March 31, 2024, hence, there is no reportable business segment as per Indian Accounting Standard - IndAS 108 "Segment Reporting".

(iii) The Company does not have any contingent liabilities as at March 31, 2024.

(iv) Corporate social responsibility (CSR)

The Company is not required to spend Corporate Social Responsibility (CSR) expenditure under the provision of Section 135 of the Companies Act, 2013 during the year.



ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

Notes to the Financial Statements for the year ended March 31, 2024

(Rupees in Lakhs unless specified otherwise)

(v) The Board of Directors of the Company at its meeting held on August 14, 2023 has, subject to necessary approvals, approved a Scheme of Arrangement amongst ITC Limited ('Demerged Company') and ITC Hotels Limited ('Resulting Company' or 'Company') and their respective shareholders and creditors under Section 230 to 232 read with the other applicable provisions of the Companies Act, 2013 ('Scheme'). The Scheme, inter alia, provides for demerger of the Demerged Undertaking comprising the Hotels Business (as defined in the Scheme) of ITC Limited into ITC Hotels Limited. Upon the Scheme becoming effective, the Demerged Undertaking shall be transferred to the Company on a going concern basis and in consideration thereof, ITC Hotels Limited shall issue and allot 1 Equity Share of face and paid-up value of Re. 1/- each for every 10 Ordinary Shares of face and paid-up value of Re. 1/- each held by the Shareholders in ITC Limited. All the Equity Shares of the Company will be listed and/or admitted to trading on the National Stock Exchange of India Limited and BSE Limited, which have nation-wide trading terminals. The Scheme shall be effective from the Appointed Date and shall be operative from the Effective Date.

The Scheme is subject to requisite approvals, including approval of the National Company Law Tribunal, Kolkata Bench. Accordingly, no accounting effect in respect of the Scheme has been given in these financial statements.

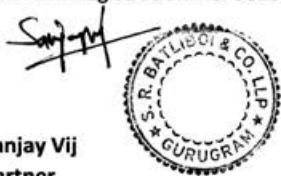
(vi) The financial statements of the company were approved for issue by the Board of Directors on 23rd April, 2024. Such financial statements are required to be placed before the shareholders for adoption in terms of Companies Act, 2013.

As per report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005



Sanjay Vij
Partner

Membership Number: 095169

Place : Gurugram

Date : April 23, 2024

On Behalf of the Board of Directors

Karthik Bhanu
Director

(DIN:10260028)

Diwaker Dinesh
Manager & Company Secretary

Place: Kolkata

Date: April 23, 2024

Rajesh Poddar
Director

(DIN:00297605)

Chandan Saboo
Chief Financial Officer



ITC Limited
Virginia House
37 J. L. Nehru Road
Kolkata 700 071, India
Tel. : 91 33 2288 9371
Fax : 91 33 2288 4016 / 1256 / 2259 / 2260

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF ITC LIMITED
("ITC" OR THE "COMPANY") IN ACCORDANCE WITH SECTION 232(2)(C)
OF THE COMPANIES ACT, 2013, AT ITS MEETING HELD ON
14TH AUGUST, 2023 AT KOLKATA**

- 1 Based on the recommendations of the Audit Committee and Independent Directors Committee of the Company at their respective meetings held on 14th August, 2023, a draft of the proposed scheme of arrangement amongst, the Company and ITC Hotels Limited ("ITC Hotels" and together with the Company, the "Companies") and their respective shareholders and creditors pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (the "Act") read with the rules and/or regulations made thereunder including the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (as amended from time to time), the Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 issued by the Securities and Exchange Board of India ("SEBI") on 20th June, 2023 (as amended from time to time) or any other circulars issued by SEBI applicable to schemes of arrangement from time to time ("SEBI Scheme Circular"), Section 2(19AA) read with other relevant provisions of the Income Tax Act, 1961 (as amended from time to time) ("IT Act") and all other provisions of applicable laws was placed before and approved by the Board of Directors of the Company ("Board" and such scheme, the "Scheme") at its meeting held on 14th August, 2023.
- 2 The Scheme, *inter alia*, provides for the following to come into effect from the Appointed Date:
 - (a) the "Demerger" of the "Demerged Undertaking" of the Company comprising the "Hotels Business" (each as defined in the Scheme) into ITC Hotels ("Resulting Company"), on a going concern basis and in consideration, the consequent issuance of equity shares by the Resulting Company to the shareholders of the Company in accordance with the Share Entitlement Ratio (as defined hereunder), pursuant to the provisions of the IT Act; and
 - (b) various other matters consequential or otherwise integrally connected therewith, including changes to the share capital and securities premium account of the Resulting Company.



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- 3 The Company is a listed public limited company within the meaning of the Companies Act, 2013. The equity shares of the Company are listed on BSE Limited (“BSE”), National Stock Exchange of India Limited (“NSE”) and Calcutta Stock Exchange Limited (“CSE”). (CSE, BSE and NSE are collectively referred to as the “Stock Exchanges”). ITC Hotels is a public limited company incorporated under the provisions of the Companies Act, 2013, and is a wholly owned subsidiary of the Company. The equity shares of ITC Hotels are presently not listed on any stock exchange.
- 4 The draft Scheme will be filed with the Stock Exchanges by the Company, pursuant to Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”) read with the SEBI Scheme Circular, for obtaining a no-objection certificate from the Stock Exchanges.
- 5 The Scheme will be filed by the Companies before the National Company Law Tribunal (“NCLT”), bench at Kolkata, under Sections 230 to 232 and other applicable provisions of the Act, and will also be in compliance with the IT Act and the SEBI Scheme Circular.
- 6 The Scheme was recommended for the approval of Board by the Audit Committee of the Company at its meeting held on 14th August, 2023 and by the Independent Directors Committee at its meeting held on 14th August, 2023.
- 7 As per Section 232(2)(c) of the Act, a report is required to be adopted by the Board of the Company explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Company, laying out in particular, the Share Entitlement Ratio, specifying special valuation difficulties, if any (“Report”). Accordingly, this report of the Board has been prepared in compliance with the requirements of Section 232(2)(c) of the Act.
- 8 Having regard to the applicability of the aforesaid provisions, the following documents were placed before the Board:
 - (a) Draft Scheme;
 - (b) Share Entitlement Ratio Report dated 14th August, 2023 (“SER Report”) issued by PwC Business Consulting Services LLP (IBBI Registered Valuer Number: IBBI/RV-E/02/2022/158), basis which, Resulting Company shall issue shares to the members of the Company;
 - (c) Fairness Opinion Report dated 14th August, 2023 (“Fairness Opinion”) issued by Messrs. Kotak Mahindra Capital Company Limited, an independent SEBI Registered Category-I Merchant Banker (SEBI Registration No. INM000008704), providing its opinion on the fairness of the Share Entitlement Ratio as provided in the SER Report;





- (d) Auditors' Certificate dated 14th August, 2023 ("**Auditors' Certificate**") issued by Messrs. S R B C & CO LLP (Firm Registration No. 32498E/E300003), the Statutory Auditors of the Company, as required under Section 232(3) of the Companies Act, 2013 certifying that the accounting treatment contained in the draft Scheme is in conformity with the accounting standards prescribed under Section 133 of the Companies Act, 2013;
- (e) Undertaking dated 14th August, 2023 by the Company Secretary, confirming the non-applicability of the requirements under Para A (10)(b) read with Para A (10)(a) of the Part I of the SEBI Master Circular dated 20th June, 2023 relating to obtaining approval of the majority of public shareholders.
- (f) Certificate dated 14th August, 2023 from M/s S R B C & CO LLP, Statutory Auditors of the Company, certifying the aforesaid undertaking in relation to the non-applicability of the requirements under Para A (10)(b) read with Para A (10)(a) of the Part I of the SEBI Master Circular dated 20th June, 2023 relating to obtaining approval of the majority of public shareholders.
- (g) Report dated 14th August, 2023 by the Audit Committee of the Company in terms of the requirements under the SEBI Scheme Circular; and
- (h) Report dated 14th August, 2023 by the Independent Directors Committee of the Company in terms of the requirements under the SEBI Scheme Circular.

9 Rationale of the Scheme

- 9.1 ITC is a diversified company engaged in various businesses including hotels. The Hotels Business of ITC includes ownership/ licensing/ management of several hotel properties and providing services including accommodation, dining, banqueting etc.
- 9.2 The Hotels Business of ITC has matured over the years and is well poised to chart its own growth path and operate as a separate listed entity in the fast-growing hospitality industry whilst continuing to leverage ITC's institutional strengths, strong brand equity and goodwill. Therefore, the Scheme is being proposed to segregate Hotels Business from Remaining Business (*as defined in the Scheme*) of ITC and demerge it into ITC Hotels. The proposed Scheme would be in the best interests of the Companies and their respective shareholders, employees, creditors and other stakeholders for the following reasons:
 - (a) The confluence of favourable factors such as rising societal aspirations, strong macro-economic fundamentals of the country, Government of India's thrust on the Travel & Tourism industry and infrastructure creation along with rapid digitalization present immense opportunities for the Hotels Business going forward, though distinct from the other businesses of ITC.
 - (b) In light of the distinctive profile of the hospitality industry, housing the Hotels Business in a separate listed entity would enable crafting of the next horizon of growth and sustained value creation for shareholders through sharper focus on the





business anchored on a differentiated strategy aligned with industry specific market dynamics.

- (c) ITC Hotels is a newly incorporated entity which will have the ability to raise capital from equity and debt markets towards funding its growth requirements.
- (d) ITC Hotels as a focused entity would attract the right sets of investors, strategic partners and collaborations, whose investment strategies and risk profiles are aligned more sharply with the hospitality industry.
- (e) The Scheme would unlock value of the Hotels Business for existing shareholders of ITC through independent market driven valuation of their shares in ITC Hotels which will be listed pursuant to the Scheme, along with the option and flexibility to remain invested in a pure play hospitality focused listed entity.
- (f) The Scheme will ensure long term stability and strategic support to ITC Hotels and also enable the leveraging of cross synergies between the two Companies.

10 Effect of the Scheme on stakeholders

S. NO.	CATEGORY OF STAKEHOLDER	EFFECT OF THE SCHEME ON THE STAKEHOLDERS
10.1	Shareholders	<p>(a) The Company has equity shareholders. The Company has no other class of shareholders.</p> <p>(b) Upon the Scheme becoming effective and in consideration of the transfer and vesting of the Demerged Undertaking from the Company to ITC Hotels in terms of the Scheme, ITC Hotels shall, without any further application, act or deed, issue and allot equity shares, as per the Share Entitlement Ratio, credited as fully paid-up, to the members of the Company, holding fully paid up Ordinary Shares and whose names appear in the register of members, including register and index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996, on the Record Date or to such of their respective heirs, executors, administrators or other legal representative or other successors in title as on the Record Date in the following manner:</p> <p><i>“for every 10 (Ten) Ordinary Shares of face and paid-up value of Re. 1/- each held in the ITC, 1 (One) equity share of face and paid-up value of Re. 1/- in ITC Hotels” (“Share Entitlement Ratio”)</i></p>



S. No.	CATEGORY OF STAKEHOLDER	EFFECT OF THE SCHEME ON THE STAKEHOLDERS
		<p>(c) If the allotment of shares of ITC Hotels in accordance with the Share Entitlement Ratio will result in any shareholders of the Company being issued fractional shares, then the fractional entitlements shall be dealt with in the manner set out in SEBI Scheme Circular i.e. the fractional shares shall be consolidated and allotted to trustee(s) authorised by the Board of ITC Hotels for sale and distribution of net sale proceeds to the shareholders in proportion to their respective fractional entitlements.</p> <p>(d) The shares of ITC Hotels will be listed and admitted to trading on NSE and BSE in compliance with SEBI Scheme Circular and other relevant provisions as applicable.</p> <p>(e) Company's existing shareholding in ITC Hotels will continue post effectiveness of the Scheme such that the Company will continue holding a stake of approx. 40% of ITC Hotels with the balance approx. 60% stake being held by the shareholders of the Company in the same proportion as their respective shareholding in the Company.</p> <p>(f) Pursuant to the Demerger, the beneficial economic interest of the shareholders of the Company in the Hotels Business would remain the same. That is, shareholders of the Company will hold approx. 60% of the share capital of ITC Hotels directly (in the same proportion as they hold shares in the Company) and approx. 40% of the interest in ITC Hotels will be held indirectly by them through their shareholding in the Company.</p> <p>(g) The shares issued by ITC Hotels pursuant to the Scheme shall rank <i>pari passu</i> with the existing equity shares of ITC Hotels.</p> <p>(h) As indicated in the Rationale of the Scheme, it is expected to be in the best interests of the shareholders of the Company.</p>

S. No.	CATEGORY OF STAKEHOLDER	EFFECT OF THE SCHEME ON THE STAKEHOLDERS
10.2	Promoter(s)	The Company does not have any promoter shareholders. Hence, this is inapplicable.
10.3	Non-Promoter Shareholders	Please refer to paragraph 10.1 above for details regarding effect on the shareholders.
10.4	Key Managerial Personnel ("KMPs")	<p>(a) On the Scheme becoming effective, all Demerged Employees (<i>as defined in the Scheme</i>) shall be deemed to have become employees of ITC Hotels with effect from the Appointed Date, without any break or interruption in their service, and the terms and conditions of their employment with ITC Hotels shall not be less favourable than those applicable to them with reference to their employment in the Company.</p> <p>(b) The Scheme will have no effect on the KMPs of the Company. The KMPs of the Company, like any other shareholder of the Company, will receive equity shares of the Resulting Company to the extent of their shareholding, if any, in the Company in the ratio mentioned hereinabove.</p> <p>Upon the coming into effect of the Scheme, the KMPs of the Company will continue to be the KMPs of the Company as before.</p> <p>(c) The stock options granted by the Company would continue to be held by the eligible employees. Further, each employee holding stock options under the ESOP Schemes (<i>as defined in the Scheme</i>) shall be issued 1 (One) stock option by ITC Hotels under the Resulting Company Special Purpose ESOP Scheme (<i>as defined in the Scheme</i>) for every 10 (Ten) stock options held in the Company, in the manner contemplated in the Scheme. The Board or any committee or person(s) authorised by the Board of the Company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of the Scheme in relation to ESOPs, in a fair, equitable and reasonable manner.</p>



11 Share Entitlement Ratio

- 11.1 For the purpose of arriving at the recommended Share Entitlement Ratio, the SER Report was obtained from PwC Business Consulting Services LLP, IBBI Registered Valuer No.: IBBI/RV-E/02/2022/158 ("Valuer").
- 11.2 The SER Report recommends the Share Entitlement Ratio - "*for every 10 (Ten) fully paid-up ordinary shares having face value of Re. 1/- each of ITC, 1 (One) fully paid-up equity share having face value of Re. 1/- each of ITC Hotels*" to be fair and reasonable, considering that the proposed Demerger will not have any impact on the economic and beneficial interest of the equity shareholders of the ITC and is value neutral. The Valuer appointed to recommend Share Entitlement Ratio for the Demerger, has not expressed any difficulty while determining the same.
- 11.3 The Fairness Opinion issued by Messrs. Kotak Mahindra Capital Company Limited, SEBI Registered Category I Merchant Banker (SEBI Registration No. INM000008704), has opined that the proposed Share Entitlement Ratio recommended by the Valuer is fair and reasonable from a financial point of view to the shareholders of the Company. The Merchant Banker also has not indicated any special difficulties in providing their fairness opinion.
- 11.4 The Share Entitlement Ratio for the Demerger has been recommended by the Valuer as being fair and reasonable and the Merchant Banker has opined that the recommended Share Entitlement Ratio is fair and reasonable. Both these reports have been accepted and taken on record by the Audit Committee, the Independent Directors Committee and the Board of Directors of the Company.

12 Adoption of the Report by the Board of Directors

The Board of Directors of the Company have adopted this Report after noting and considering the information set forth in this Report. The Board or any committee of the Board or any person(s) authorised by the Board is entitled to make relevant modifications to this Report, if required, and such modifications or amendments shall be deemed to form part of this Report.


(S. Puri)
Chairman & Managing Director
DIN: 00280529


(S. Dutta)
Director & Chief Financial Officer
DIN: 01804345

Date: 14th August, 2023
Place: Kolkata



ITC HOTELS LIMITED

Registered Office: Virginia House, 37, J. L. Nehru Road, Kolkata – 700 071
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REPORT ADOPTED BY THE BOARD OF DIRECTORS OF ITC HOTELS LIMITED ("ITC HOTELS" OR "THE COMPANY") IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013, AT ITS MEETING HELD ON 14TH AUGUST, 2023 AT KOLKATA

1. A draft of the proposed scheme of arrangement amongst the Company and ITC Limited ("ITC" and together with the Company, the "**Companies**") and their respective shareholders and creditors pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (the "**Act**") read with the rules and/ or regulations made thereunder including the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (as amended from time to time), the Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 issued by the Securities and Exchange Board of India ("**SEBI**") on 20th June, 2023 (as amended from time to time) or any other circulars issued by SEBI applicable to schemes of arrangement from time to time ("**SEBI Scheme Circular**"), Section 2(19AA) read with other relevant provisions of the Income Tax Act, 1961 (as amended from time to time) ("**IT Act**") and all other provisions of applicable laws, was placed before and approved by the Board of Directors of the Company ("**Board**" and such scheme, the "**Scheme**") at its Meeting held on **14th August, 2023**.
2. The Scheme, *inter alia*, provides for the following to come into effect from the Appointed Date:
 - (a) the "**Demerger**" of the "**Demerged Undertaking**" of ITC comprising the "**Hotels Business**" (*each as defined in the Scheme*) into the Company, on a going concern basis and in consideration, the consequent issuance of equity shares by the Company to the shareholders of ITC in accordance with the Share Entitlement Ratio (*as defined hereunder*), pursuant to the provisions of the IT Act; and
 - (b) various other matters consequential or otherwise integrally connected therewith, including changes to the share capital and securities premium account of the Company.
3. ITC is a listed public limited company within the meaning of the Companies Act, 2013. The equity shares of ITC are listed on BSE Limited ("**BSE**"), National Stock Exchange of India Limited ("**NSE**") and Calcutta Stock Exchange Limited ("**CSE**"). (CSE, BSE and NSE are collectively referred to as the "**Stock Exchanges**").
4. The Company is a public limited company incorporated under the provisions of the Companies Act, 2013, and is a wholly owned subsidiary of ITC. The equity shares of the Company are presently not listed on any stock exchange.



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5. The draft Scheme will be filed with the Stock Exchanges by ITC, pursuant to Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI LODR Regulations**”) read with the SEBI Scheme Circular, for obtaining a no-objection certificate from the Stock Exchanges.
6. The Scheme will be filed by the Companies before the National Company Law Tribunal (“**NCLT**”), bench at Kolkata, under Sections 230 to 232 and other applicable provisions of the Act, and will also be in compliance with the IT Act and the SEBI Scheme Circular.
7. As per Section 232(2)(c) of the Act, a report is required to be adopted by the Board of the Company explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders of the Company, laying out in particular, the Share Entitlement Ratio, specifying special valuation difficulties, if any (“**Report**”). Accordingly, this report of the Board has been prepared in compliance with the requirements of Section 232(2)(c) of the Act.
8. Having regard to the applicability of the aforesaid provisions, the following documents were placed before the Board:
 - (i) Draft Scheme;
 - (ii) Share Entitlement Ratio Report dated 14th August, 2023 (“**SER Report**”) issued by PwC Business Consulting Services LLP (IBBI Registered Valuer No.: IBBI/RV-E/02/2022/158), basis which, the Company shall issue shares to the members of ITC;
 - (iii) Auditors’ Certificate dated 14th August, 2023 (“**Auditors’ Certificate**”) issued by Messrs. S. R. Batliboi & Co. LLP (Firm Registration No. 301003E/ E300005), the Statutory Auditors of the Company, as required under Section 232(3) of the Companies Act, 2013 certifying that the accounting treatment contained in the draft Scheme is in conformity with the accounting standards prescribed under Section 133 of the Companies Act, 2013.

9. Rationale of the Scheme

- 9.1. ITC is a diversified company engaged in various businesses including hotels. The Hotels Business of ITC includes ownership/ licensing/ management of several hotel properties and providing services including accommodation, dining, banqueting, etc.
- 9.2. The Hotels Business of ITC has matured over the years and is well poised to chart its own growth path and operate as a separate listed entity in the fast -growing hospitality



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industry whilst continuing to leverage ITC's institutional strength, strong brand equity and goodwill. Therefore, the Scheme is being proposed to segregate Hotels Business from Remaining Business (*as defined in the Scheme*) of ITC and demerge it into the Company. The proposed Scheme would be in the best interests of the Companies and their respective shareholders, employees, creditors and other stakeholders, inter alia, for the following reasons:

- a) The confluence of favourable factors such as rising societal aspirations, strong macro-economic fundamentals of the country, Government of India's thrust on the Travel & Tourism industry and infrastructure creation along with rapid digitalisation present immense opportunities for the Hotels Business going forward.
- b) In light of the distinctive profile of the hospitality industry, housing the Hotels Business in a separate listed entity would enable crafting of the next horizon of growth and sustained value creation for shareholders through sharper focus on the business anchored on a differentiated strategy aligned with industry specific market dynamics.
- c) The Company is a newly incorporated entity and thus will have the ability to raise capital from equity and debt markets towards funding its growth requirements.
- d) The Company as a focused entity would attract the right sets of investors, strategic partners and collaborations, whose investment strategies and risk profiles are aligned more sharply with the hospitality industry.
- e) The Scheme will ensure long term stability and strategic support to the Company by ITC and also enable the leveraging of cross synergies between the two companies.

10. Effect of the Scheme on stakeholders

S. No.	CATEGORY OF STAKEHOLDER	EFFECT OF THE SCHEME ON THE STAKEHOLDERS
10.1.	Shareholders	<p>(a) The Company is a wholly owned subsidiary of ITC and only has equity shareholders. The Company has no other class of shareholders.</p> <p>(b) Upon the Scheme becoming effective and in consideration of the transfer and vesting of the Demerged Undertaking from ITC to the</p>



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S. No.	CATEGORY OF STAKEHOLDER	EFFECT OF THE SCHEME ON THE STAKEHOLDERS
		<p>Company in terms of the Scheme, the Company shall, without any further application, act or deed, issue and allot equity shares as per the Share Entitlement Ratio, credited as fully paid-up, to the members of ITC, holding fully paid up Ordinary Shares and whose names appear in the register of members, including register and index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996, on the Record Date or to such of their respective heirs, executors, administrators or other legal representative or other successors in title as on the Record Date in the following manner:</p> <p><i>“for every 10 (Ten) fully paid up ordinary share(s) having face value of Re. 1/- each of ITC, 1 (One) fully paid up equity share having face value of Re. 1/- each of ITC Hotels” (“Share Entitlement Ratio”)</i></p> <p>(c) If the allotment of shares of the Company, in accordance with the Share Entitlement Ratio, will result in any shareholders of ITC being issued fractional shares, then the fractional entitlements shall be dealt with in the manner set out in the SEBI Scheme Circular.</p> <p>(d) The shares of the Company will be listed and admitted to trading on NSE and BSE in compliance with SEBI Scheme Circular and other relevant provisions as applicable.</p> <p>(e) ITC’s existing shareholding in the Company will continue post effectiveness of the Scheme such that ITC will continue holding a stake of approx. 40% of the Company with the balance approx. 60% stake being held by the shareholders of ITC</p>



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S. No.	CATEGORY OF STAKEHOLDER	EFFECT OF THE SCHEME ON THE STAKEHOLDERS
		<p>in the same proportion as their respective shareholding in ITC.</p> <p>(f) The shares issued by the Company pursuant to the Scheme shall rank <i>pari passu</i> with the existing equity shares of the Company.</p> <p>(g) The Scheme is expected to have several benefits, as indicated in the rationale of the Scheme and is expected to be in the best interests of the shareholders of the Company.</p>
10.2.	Promoter(s)	ITC's existing stake in the Company will continue post effectiveness of the Scheme such that ITC will continue holding a stake of approx. 40% of the Company with the balance stake being held by the shareholders of ITC in the same proportion as their respective shareholding in ITC.
10.3.	Non-Promoter Shareholders	The Company does not have any non-promoter shareholders. Hence, this is inapplicable.
10.4.	Key Managerial Personnel ("KMP")	<p>The Company does not have KMPs at present.</p> <p>There will be no effect on the KMPs pursuant to the Scheme.</p> <p>The KMPs of the Company, like any other shareholder of ITC, will receive equity shares of the Company to the extent of their shareholding, if any, in ITC in the Share Entitlement Ratio mentioned hereinabove.</p>



(WHOLLY OWNED SUBSIDIARY OF ITC LTD.)

ITC HOTELS LIMITED

Registered Office: Virginia House, 37, J. L. Nehru Road, Kolkata – 700 071
Phone: 033-22889371 • CIN: U55101WB2023PLC263914 • e-mail: itchotelslimited@yahoo.com

11. Share Entitlement Ratio

11.1. For the purpose of arriving at the recommended Share Entitlement Ratio, the SER Report was obtained from PwC Business Consulting Services LLP (IBBI Registered Valuer No.: IBBI/RV-E/02/2022/158) (“Valuer”).

11.2. The SER Report recommends the Share Entitlement Ratio- *“for every 10 (Ten) fully paid up ordinary share(s) having face value of Re. 1/- each of ITC, 1 (One) fully paid up equity share having face value of Re. 1/- each of ITC Hotels”* to be fair and reasonable, considering that the proposed Demerger will not have any impact on the economic and beneficial interest of the equity shareholders of ITC and is value neutral. The Valuer appointed to recommend Share Entitlement Ratio for the Demerger, has not expressed any difficulty while determining the same.

11.3. The Share Entitlement Ratio for the Demerger has been recommended by the Valuer as being fair and reasonable, and the SER Report has been accepted and taken on record by the Board of Directors of the Company.

12. Adoption of the Report by the Board of Directors

The Board of Directors of the Company have adopted this Report after noting and considering the information set forth in this Report. The Board or any committee of the Board or any person(s) authorised by the Board is entitled to make relevant modifications to this Report, if required, and such modifications or amendments shall be deemed to form part of this Report.



(B. Karthik)
Director
DIN: 10260028



(R. Poddar)
Director
DIN: 00297605

Date: 14th August, 2023
Place: Kolkata

(WHOLLY OWNED SUBSIDIARY OF ITC LTD.)



Date: 14 August 2023

To
Board of Directors,
ITC Limited
 Virginia House, 37 Jawaharlal Nehru Road
 Kolkata, West Bengal 700071

Board of Directors,
ITC Hotels Limited
 Virginia House, 37 Jawaharlal Nehru Road
 Kolkata, West Bengal 700071

Subject: Share Entitlement Ratio for the proposed demerger of ITC's Hotels Business from ITC Limited into ITC Hotels Limited

Dear Sir / Madam,

We refer to our engagement letter dated 08 August 2023 whereby ITC Limited and ITC Hotels Limited (together referred to as "Companies" or "Clients") have appointed PwC Business Consulting Services LLP (hereinafter referred to as "PwC BCS"), to recommend a fair share entitlement ratio ("Share Entitlement Ratio") for the proposed demerger of ITC's Hotels Business from ITC Limited into ITC Hotels Limited, (hereinafter referred to as "Transaction" or "Demerger") pursuant to a scheme of arrangement ("Scheme").

PwC BCS has been hereinafter referred to as the "Valuer" or "we" or "us" in this Share Entitlement Ratio report ("Report").

BACKGROUND OF COMPANIES

ITC Limited ("ITC" or "Demerged Company") engages in the fast-moving consumer goods, hotels, paperboards and paper, packaging, agriculture businesses. ITC's hotels business includes owning, licensing, operating, managing, servicing, marketing, accommodating and supervising the operations of hotels and includes dining and banqueting services, and related investments ("Hotels Business"). Further, the Hotels Business owns and/or operates approximately 120 hotels and owns marquee brands viz., 'ITC Hotels' in the Luxury segment, 'Mementos' in the Luxury Lifestyle segment, 'Welcomhotel' and 'Storii' in the Premium segment, 'Fortune' in the Midmarket to Upper-upscale segment and 'WelcomHeritage' in the Leisure & Heritage segment. ITC is a publicly listed entity with its shares trading on National Stock Exchange (NSE:ITC) and Bombay Stock Exchange (BSE:500875), having a CIN L16005WB1910PLC001985. ITC is also listed on the Calcutta Stock Exchange and its GDRs are listed in the Luxemburg stock exchange.

ITC Hotels Limited ("ITC Hotels" or "Resulting Company") a recently incorporated wholly owned subsidiary of ITC and does not have any operations.

SCOPE AND PURPOSE OF THIS REPORT

We understand from the management of ITC Limited ("Management") that ITC recognizes the Demerger of Hotels Business ("Demerged Undertaking") will unlock value for the existing shareholders of ITC through independent market driven valuation of their shares in ITC Hotels which will be listed pursuant to the Scheme, along with the option and flexibility to remain invested in a pure play hospitality focused listed entity. Accordingly, the Hotels Business is

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proposed to be demerged from ITC into ITC Hotels, through a scheme of arrangement, under the provisions of Sections 230 to 232 of the Companies Act, 2013, other applicable laws and rules issued thereunder, as may be applicable.

In accordance with the provisions of the Scheme, we understand that as part of the Demerger, all assets and liabilities identified as pertaining to the Demerged Undertaking shall be transferred to the Resulting Company at values as appearing in the books of Demerged Company in compliance with Section 2(19AA) and other applicable provisions of the Income Tax Act, 1961 and related rules and notifications.

As per the Scheme provided to us and based on discussions with Management, we understand that upon demerger, transfer and vesting of the Demerged Undertaking of Demerged Company into Resulting Company, the equity shares of Resulting Company will be issued to all the equity shareholders of Demerged Company. Upon allotment of the equity shares by Resulting Company to the equity shareholders of Demerged Company, it is envisaged that 60% equity shareholding in Resulting Company would be directly owned by the equity shareholders of Demerged Company in the same proportion as their shareholding in Demerged Company as of the record date, with the remaining 40% equity shareholding to continue being held by the Demerged Company. We further understand from the Management, that the Resulting Company was recently incorporated as a wholly owned subsidiary of the Demerged Company and has been capitalized by ITC with a share capital of INR 83 crores (83,00,00,000 equity shares of face value of Re. 1 each).

For the aforesaid purpose, and based on the information made available by the Management, the Board of Directors of ITC and ITC Hotels Limited have appointed PwC BCS to submit a Registered Valuer Report recommending the Share Entitlement Ratio, in connection with the proposed Demerger of the Demerged Undertaking from ITC to ITC Hotels Limited, for the consideration of the Board of Directors of the Companies in accordance with the generally accepted professional standards.

It is clarified that any reference to this Report in any document and/ or filing with any tribunal/ judicial/ regulatory authorities/ government authorities/ stock exchanges/ courts/ shareholders/ professional advisors/ merchant bankers, in connection with the Transaction, shall not be deemed to be an acceptance by the Valuer of any responsibility or liability to any person/ party other than the Companies.

As per the Scheme, we understand that the Appointed Date for the Transaction is the Effective Date which will be the first day of the month following the month in which Companies mutually acknowledge in writing that all the conditions and matters referred to in the Scheme have occurred or have been fulfilled, obtained or waived, as applicable, in accordance with the Scheme (including obtaining the certified copies of the orders of the National Company Law Tribunal sanctioning the Scheme and filing of the same by ITC and the ITC Hotels with the registrar of companies) or any other date mutually agreed by the Companies.

The scope of our services is to recommend the Share Entitlement Ratio for the proposed Demerger in accordance with International Valuation Standards.

The Report will be used by the Companies only for the purpose, as indicated in this Report, for which we have been appointed. The Report cannot be used or relied by the Clients for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any person/ party for any decision of such person/ party based on this Report.





We have been informed by the Management that:

- a) there would not be any capital variation in the Companies till the proposed Scheme becomes effective, except issuance and/ or conversion of employee stock options/ units in normal course of the business of the Companies. In the event that either of the Companies restructure their equity share capital by way of share split / consolidation / issue of bonus shares before the proposed Scheme becomes effective, the issue of shares pursuant to the Share Entitlement Ratio recommended in this Report shall be adjusted accordingly to take into account the effect of any such corporate actions.
- b) there are no unusual /abnormal events in the Companies materially impacting their operating performance/financials after 31 March 2023 till the Report date.

We have relied on the above while arriving at the Share Entitlement Ratio for the proposed Demerger.

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

SOURCES OF INFORMATION AND PROCEDURES ADOPTED

In connection with this exercise, we have used the following information received from the Management and gathered from public domain:

- Considered the capital structure of ITC Hotels i.e. equity shares held by ITC in ITC Hotels as on the Report date;
- Management representation on the targeted equity stake of ITC in ITC Hotels pursuant to the proposed Demerger in accordance with the Scheme;
- Considered the information available in public domain with respect to the Demerger;
- Considered the draft scheme of arrangement ("Scheme");
- Discussions with Management including requisite explanation and clarification of data provided.

During discussions with the Management, we have also obtained explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise. The Clients have been provided with the opportunity to review the draft report (excluding the recommended Share Entitlement Ratio) as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our 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 services do not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us or PricewaterhouseCoopers ("PwC") network firms.

This Report, its contents and the results herein are specific to (i) the purpose as per the terms of our engagement; (ii) the date of this Report and (iii) and are based on the sources of information outlined above including information provided by the Management which we believe to be reliable. The Management has represented that the business activities of ITC and ITC Hotels have been carried out in the normal and ordinary course between 31 March 2023 (the date for which the latest financials are publicly available as per the Management) and the date hereof and that no material adverse change has occurred in their respective operations and





financial position between 31 March 2023 and the Report date which will impact the Share Entitlement Ratio determined.

In terms of our engagement, we have assumed and relied upon, without independent verification, the accuracy of information made available to us by/ on behalf of the Clients. We have not audited, reviewed, certified, carried out a due diligence or otherwise investigated the information provided to us. Our conclusions are dependent on such information being complete and accurate in all material respects. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us by the Management. We have, therefore, not carried out any due diligence review, independent audit or other test or validation of such information to establish the accuracy or sufficiency of the information, explanations and representations provided to us. Accordingly, we do not express any opinion or any other form of assurance thereon and accept no responsibility for the same.

Also, with respect to explanations and information sought from/ on behalf of the Clients, we have been given to understand by the Management 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 of any doubt. Our conclusions are based on the information given by/ on behalf of the Clients. The Management has indicated to us that they have understood that any material omissions, inaccuracies, or misstatements may materially affect our report. Accordingly, we assume no responsibility for any errors in the information furnished by/ on behalf of the Clients and their impact on the Report. However, nothing has come to our attention to indicate that the information provided was materially misstated/ incorrect or would not afford reasonable grounds upon which to base the 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.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this 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 the audited/ unaudited balance sheet of the Companies. Our conclusion assumes that the assets and liabilities of the Companies, reflected in their respective latest balance sheets remain intact as of the Report date.

No investigation of the claims of the Companies to title of assets has been made for the purpose of this Report and their 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

Our scope of work is limited to the recommendation of the Share Entitlement Ratio, considering impact of the proposed Demerger on the economic and beneficial interest of the shareholders of the Companies.

The determination of a Share Entitlement 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 judgement. This concept is also recognized in judicial decisions. There is, therefore, no indisputable single Share Entitlement Ratio. While we have provided our recommendation of the proposed Share Entitlement Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion. The final responsibility for the determination of the share entitlement ratio of the Transaction shall be with the Companies.





Our Report is not, nor should it be construed as, our opining or certifying the compliance of the proposed Demerger of the Business with the provisions of any law including companies law, FEMA and taxation related laws or as regards any legal implications or issues arising from such proposed Demerger. We have not conducted or provided an analysis or prepared a model for any individual assets/ liabilities and have wholly relied on the information provided by/ on behalf of the Management in this regard.

This Report does not look into the business/ commercial reasons behind the Transaction nor the likely benefits arising out of the same. Similarly, it 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. We have not examined or advised on accounting, legal or tax matters involved in the Transaction.

We owe responsibility to only the Board of Directors of the respective Companies that have appointed us under the terms of our engagement letter and nobody else. We will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions of or advice given by any other party to the Clients. 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 Clients, 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 Report shall exceed the amount paid to such Valuer in respect of the fees charged by it for these services.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, without our prior written consent other than in connection with the proposed Transaction. In addition, we express no opinion or recommendation as to how the shareholders of the Companies should vote at any shareholders' meeting(s) to be held in connection with the Transaction. Our Report and the opinion contained herein is not and nor should it be construed as advice relating to investing in, purchasing, selling, or otherwise dealing in securities or as providing management services or carrying out management functions.

Any person/ party intending to provide finance/ invest in the shares/ businesses of the companies/ their holding companies/ subsidiaries/ joint ventures/ associates/ investee/ group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person/ party (other than the Clients) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to us.

We are independent of the Clients and have no current or expected interest in the Clients or its assets. The fee for the engagement is not contingent upon the results reported.

This Report is subject to the laws of India.





SHARE CAPITAL DETAILS

ITC Limited

The issued and subscribed equity share capital of ITC Limited as of 14 August, 2023 is ~INR 1,246.5 crores consisting of 12,46,48,39,501 ordinary shares of face value of INR 1/- each. The equity shareholding pattern of ITC is as follows:

Shareholders	Number of ordinary shares	% Share Holding
Promoter and Group	0	0.0%
Public	12,46,48,39,501	100.0%
Grand Total	12,46,48,39,501	100.0%

Source: Based on information provided by Management as of 14 August 2023

ITC Hotels Limited

ITC Hotels Limited is a wholly owned subsidiary of ITC Limited. The issued and subscribed equity share capital of ITC Hotels Limited as of 14 August, 2023 is ~INR 83 crores consisting of 83,00,00,000 equity shares of face value of INR 1/- each.

The Management has informed us that, without approval of the shareholders, there would not be any variation in the Equity Capital of the Companies other than the issuance of equity shares on exercise of ESOPs as part of the normal business operations till the proposed Scheme becomes effective. Accordingly, our Report and opinion of the Share Entitlement Ratio considers the above shareholding pattern of the Companies.

SHARE ENTITLEMENT RATIO

In view of the above and considering that the Demerged Company intends to hold 40% equity stake in the Resulting Company, and the Resulting Company should issue such number of equity shares to the shareholders of the Demerged Company in proportion to their shareholding in the Demerged Company so that they own the balance 60% equity stake in the Resulting Company, and on consideration of the relevant factors and circumstances as outlined hereinabove, the table below summarizes the Share Entitlement Ratio as recommended by us:

Particulars	Value
(A) Existing number of equity shares having face value of INR 1 each and fully paid up, owned by ITC in ITC Hotels (<i>Source: Management</i>)	83,00,00,000
(B) Post the Demerger, equity stake ITC intends to hold in ITC Hotels (<i>Source: Management</i>)	40%
(C) Expected total number of equity shares of INR 1 of ITC Hotels. This considers the existing number of equity shares of ITC Hotels (as stated in A above) and the proposed equity stake corresponding to such existing equity shares (as stated in B above) (i.e. A / B)	2,07,50,00,000
(D) Number of equity shares of ITC Hotels to be issued to shareholders of ITC for the balance 60% equity stake in ITC Hotels pursuant to the proposed demerger in accordance with the Scheme (C – A)	1,24,50,00,000
(E) Total number of outstanding ordinary shares of ITC (<i>Source: Management</i>)	12,46,48,39,501
Share Entitlement Ratio: Number of ordinary shares of ITC for which 1 equity share of ITC Hotels is proposed to be issued (rounded off) (E/D)	10

Share Entitlement Ratio: for every 10 (Ten) fully paid up ordinary shares(s) having face value of Re.1 each of ITC, 1 (One) fully paid up equity shares(s) having face value of Re. 1 each of ITC Hotels.





The Share Entitlement Ratio has been determined based on the capital structure of ITC Hotels as on the date of issuance of this Report and the proposed equity stake to be held by ITC in ITC Hotels pursuant to the proposed Demerger. Further, the Management has confirmed that the Share Entitlement Ratio shall not be adjusted on account of any variation in the equity share capital of ITC, due to issuance of equity shares on account of exercise of ESOPs as part of the normal business operations, prior to the Effective Date.

In view of the above, we note that the proposed Demerger will not have any impact on the beneficial economic interest of the shareholders of ITC as the equity shareholders of ITC would continue to have the same beneficial economic interest in the Hotels Business and ITC Hotels, now by way of indirect ~40% equity ownership of ITC Hotels through ITC and direct ~60% equity ownership of ITC Hotels. As the proposed Demerger will not affect the beneficial economic interest of the equity shareholders of ITC, valuation of ITC, ITC Hotels and Hotels Business has no bearing on the recommended Share Entitlement Ratio and accordingly, we have not carried out any valuation in the instant case.

In light of the above, the Share Entitlement Ratio as indicated above is fair and reasonable considering that the proposed Demerger will not have any impact on the economic and beneficial interest of the equity shareholders of the ITC and is value neutral.

Respectfully submitted,

For and on behalf of

PwC Business Consulting Services LLP

IBBI Registered Valuer No.: IBBI/RV-E/02/2022/158

Neeraj



Neeraj Garg

Partner

IBBI Membership No: IBBI/RV/02/2021/14036

Date: 14 August 2023

RVN: IOVRVF/PWC/2023-2024/2223



Investment Banking

Date: August 14, 2023

The Board of Directors

ITC Limited,

Virginia House,

37 Jawaharlal Nehru Road,

Kolkata, West Bengal 700071

Dear Sirs,

Sub: Proposed scheme of arrangement amongst ITC Limited ("ITC" or the "Company"), ITC Hotels Limited ("ITC Hotels") and their respective shareholders and creditors

You have requested us to issue a fairness opinion ("Opinion") from a financial point of view on the Share Entitlement Ratio (*as defined below*) in relation to the demerger of the demerged undertaking (comprising the Hotels Business) (*as set out in the scheme*) ("**Demerged Undertaking**") of ITC into ITC Hotels (the "**Demerger**"). As more fully described in the Scheme (*as defined below*), in consideration of the Demerger, for every 10 ordinary shares of face and paid-up value of Re. 1 held in ITC, 1 equity share of face and paid-up value of Re. 1 in ITC Hotels (the "**Share Entitlement Ratio**").

Background of the Companies

ITC Limited, incorporated on August 24, 1910 is one of India's leading private sector companies and a diversified conglomerate with businesses spanning fast-moving consumer goods, hotels, paperboards, paper and packaging, and agri business. The ordinary shares of ITC are listed on National Stock Exchange of India Limited, BSE Limited and Calcutta Stock Exchange (collectively referred to as the "**Stock Exchanges**"). The global depository receipts of ITC are listed on the Luxembourg Stock Exchange.

ITC Hotels Limited, incorporated on July 28, 2023, is a wholly owned subsidiary of ITC. The main object of ITC Hotels is 'hotels and hospitality'.

Proposed Transaction

Scheme of arrangement is being proposed to be entered amongst ITC, ITC Hotels and their respective shareholders and creditors ("**Scheme**"), under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, providing for the demerger of the Demerged Undertaking (comprising of the Hotels Business) (*as set out in the scheme*) of ITC into ITC Hotels and in consideration, the consequent issuance of equity shares by ITC Hotels to the ordinary shareholders of ITC ("**Proposed Transaction**").

Kotak Mahindra Capital Company Limited

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Our scope is restricted to providing an Opinion on the Share Entitlement Ratio as prescribed by PwC Business Consulting Services LLP ("PwC") in its Share Entitlement Ratio Report dated August 14, 2023 ("**Share Entitlement Ratio Report**").

In arriving at our Opinion, we have reviewed (i) the Share Entitlement Ratio Report and (ii) the draft of the Scheme received by us which envisages the issuance of equity shares by ITC Hotels to the ordinary shareholders of ITC in the same ratio as their holdings in ITC as on the Record Date; and (iii) the current shareholding pattern of ITC Hotels. We have also reviewed certain publicly available information, which the Company has confirmed as being reasonable for the purposes of providing our fairness opinion, and have also taken into account such other matters as we deemed necessary including our assessment of the economic, market and monetary conditions that may be applicable to ITC and ITC Hotels. We have also assumed that the final Scheme will be substantially the same as the scheme discussed with and reviewed by us and that there will be no material changes between the draft shared with us and the final approved scheme. Any such material changes will require us to reevaluate our opinion herein.

In addition to above, we have had discussions with members of the management of ITC on the past and current business operations of the concerned businesses, their future prospects and operations, and have received a management representation letter from ITC dated August 14, 2023.

Further, we have had discussions with PwC, the valuation advisor, on such matters, which we believed, were necessary or appropriate for the purpose of issuing this Opinion.

Further, we conducted such other analyses and examinations and considered such other information and financial, economic and market criteria as we deemed appropriate in arriving at our opinion.

We assume no responsibility for the legal, tax, accounting or structuring matters including, but not limited to, legal or title concerns. Title to all subject business assets is assumed good and marketable and we would urge ITC and ITC Hotels to carry out an independent assessment of the same prior to entering into any transaction, after giving due weightage to the results of such assessment. We have further assumed that the Proposed Transaction would be carried out in compliance with all the applicable laws, rules and regulations, including section 2(19AA) and other applicable provisions of the Income Tax Act, 1961.

In giving our Opinion, we have assumed and relied upon, without independent verification, the accuracy and completeness of all information supplied or otherwise made available to us either in oral or written form, discussed with or reviewed by or for us, or publicly available. We have been given to understand that all information that was relevant for the purpose of our exercise was disclosed to us. With respect to information and data relating to ITC and ITC Hotels provided to or otherwise reviewed by or discussed with us, we have been advised by the respective managements of ITC and ITC Hotels, and we have assumed and relied upon such advice, that such information and data were reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of ITC and ITC Hotels as to the potential strategic implications and operational benefits anticipated to result from the Demerger and the other matters covered thereby. We have not conducted any evaluation or appraisal of any assets or liabilities (contingent or otherwise) of ITC or ITC Hotels nor have we evaluated the solvency or fair value of ITC or ITC Hotels, under any laws relating to bankruptcy, insolvency or the Company's ability to fulfill its obligations towards any class of





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investors or third parties. In addition, we have not assumed any obligation to conduct any physical inspection of the properties or facilities of ITC or ITC Hotels.

Our Opinion does not factor overall economic environment risk and other risks and is purely based on the information and representations provided to us. We have not assumed the risk of any material adverse change having an impact on the businesses of ITC or ITC Hotels in arriving at our final Opinion.

Our Opinion does not address, and we have not assessed, any matters (including any existing or potential contingent liabilities and any ongoing or threatened litigation, including taxation proceedings) which may have an impact, adverse or otherwise, on the business, operations or prospects of ITC, ITC Hotels or their affiliates or any underlying assumptions or views of the management of ITC or ITC Hotels. We have relied upon and not independently verified or validated, nor do we express any opinion on, the financial, market, and technical data provided to or obtained by us or the management's views on the businesses, operations and prospects or any underlying assumptions for the same.

We have assumed, with your consent, that the Demerger will be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement. We have further assumed that such approvals, consents and releases will be duly obtained as required pursuant to the Scheme, without any undue delays. Representatives of ITC have advised us, and we further have assumed that the final terms of the Scheme will not vary from those set forth in the Draft Scheme reviewed by us. Further, we have assumed that there will not be any adverse rulings or proceedings whatsoever (whether of any court, regulatory body or otherwise) arising out of or in relation to the Demerger as contemplated by the Scheme.

Our Opinion does not address, and we have not assessed, any legal, regulatory, taxation or accounting matters. We have also assumed that all aspects of the Demerger and any other transaction contemplated in the Draft Scheme would be in compliance with applicable laws and regulations; and we have issued this Opinion on the understanding that we would not in any manner verify, or be responsible for ensuring, such compliance. We have also assumed that the Demerger will not result in any adverse effect on ITC, ITC Hotels or their respective businesses, whether under tax or other laws or under the terms of any license or approval.

Our Opinion is restricted to the fairness, from a financial point of view, of the Share Entitlement Ratio, as determined by PwC in its Share Entitlement Ratio Report, and we express no view as to the fairness (financial or otherwise) to the holders of any other class of securities or creditors of ITC, ITC Hotels or any of their affiliates. Our Opinion also does not address any matters otherwise than as expressly stated herein, including but not limited to matters such as corporate governance, shareholder rights or any other equitable considerations. We are not providing you with any investment advice in connection with the Demerger including any advice (from an investment perspective) or any trading strategy. Further, ITC will remain solely responsible for the commercial assumptions on which the Opinion provided by us is based and for its decision to proceed with the Demerger. Further, our opinion does not take into account any corporate actions of any of ITC and ITC Hotels after the date hereof, including payment of dividends. We are not expressing any opinion as to what the value of the ITC Hotels equity shares actually will be when issued pursuant to the



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Demerger. Our opinion is not to be treated as a valuation of any securities of ITC, ITC Hotels or their respective affiliates under any laws or otherwise.

A valuation estimate for any transaction does not necessarily suggest that a market exists for the transaction. We express no view as to, and our Opinion does not address, the underlying business decision of ITC to effect the Demerger, the relative merits of the Demerger as compared to any alternative business strategies that might exist for ITC or the effect of any other transaction in which ITC might engage. We also express no view as to, and our Opinion does not address, the fairness (financial or otherwise) of the amount or nature or any other aspect of any compensation to any officers, directors or employees of any parties to the Demerger, or any class of such persons, relative to the Share Entitlement Ratio. We express herein no view or opinion as to any terms or other aspects of the Demerger or the Scheme (other than the Share Entitlement Ratio, as determined by PwC in its Share Entitlement Ratio Report, to the extent expressly specified herein). Our Opinion is necessarily based upon information available to us, and financial, stock market and other conditions and circumstances existing, as of the date hereof.

Our Opinion does not constitute a recommendation to any shareholder or creditor of ITC or ITC Hotels as to how such shareholder or creditor should vote on the Proposed Transaction or any matter related thereto. In addition, this Opinion does not address the fairness to, or any other consideration, to the creditors or other constituencies of ITC. We are not expressing any opinion herein as to the prices at which the ordinary shares of ITC will trade following the announcement or consummation of the proposed transaction or as to the prices at which the ordinary shares of ITC may be transacted.

ITC has executed the engagement letter (the "**Kotak EL**") in relation to our services in connection with the delivery of this Opinion and for providing certain advisory services to ITC in connection with the Proposed Transaction. We will receive fees from ITC for these services and ITC has also agreed to indemnify us against certain claims arising under Kotak EL.

We or our affiliates in the past five years have provided, and currently provide, services to ITC and/ or ITC Hotels and/ or their affiliates unrelated to the Proposed Transaction for which we or such affiliates have received and expect to receive compensation, including, without limitation as lenders and creditors to ITC and ITC Hotels (as the case may be).

In the ordinary course of business, we and our affiliates may actively trade or hold securities of companies that may be the subject matter of this transaction for our own account or for the account of our customers and, accordingly, may at any time hold long or short position in such securities, in strict compliance with the applicable laws. In addition, we and our affiliates maintain relationships with ITC and ITC Hotels and their respective affiliates.

This Opinion is provided solely for the benefit of the Board of Directors of ITC and is for the purpose of submission to the Stock Exchanges under the SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 and shall not confer rights or remedies upon, any shareholder of ITC, or ITC Hotels, or any other person including any company involved in the Scheme other than the Board of Directors of ITC and shall not be used for any other purpose. This Opinion may not be used or relied upon by nor is it issued for the benefit of any third party for any purpose whatsoever or disclosed, referred to or communicated by you (in whole or in part) except with our prior written consent in each instance. Provided however, this opinion may only be disclosed and included in


4 | 5



Investment Banking

filings as may be required under any applicable law in India and may be kept open for inspection by shareholders of ITC and ITC Hotels, but we take no responsibility or liability for or arising out of any such disclosure. We specifically disclaim any responsibility to any third party to whom this Opinion may be shown or who may acquire a copy of this Opinion.

The laws of India govern all matters arising out of or relating to this Opinion (including, without limitation, its interpretation, construction, performance, and enforcement).

With respect to any suit, action or any other proceedings relating to this Opinion, the courts of competent jurisdiction at India shall have exclusive jurisdiction.

On the basis of and subject to the foregoing, our work as merchant bankers, our work as described above, and other factors that we deem relevant, it is our view that, as of the date hereof, the proposed Share Entitlement Ratio recommended by PwC, in its Share Entitlement Ratio Report dated August 14, 2023, is fair and reasonable from a financial point of view to the shareholders of ITC.

Yours faithfully,

For Kotak Mahindra Capital Company Limited

A handwritten signature in black ink, appearing to read "S. Mallik", written over a horizontal line.

Authorised Signatory



ITC Limited
Virginia House
37 J. L. Nehru Road
Kolkata 700 071, India
Tel. : 91 33 2288 9371
Fax : 91 33 2288 4016 / 1256 / 2259 / 2260

REPORT ON COMPLAINTS

(For the period from 2nd September, 2023 to 2nd October, 2023)

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	0
2.	Number of complaints forwarded by Stock Exchange / SEBI	0
3.	Total Number of complaints / comments received (1+2)	0
4.	Number of complaints resolved	0
5.	Number of complaints pending	0

Part B

Sr. No.	Name of complainant	Date of complaint	Status
Not Applicable			

Yours faithfully,
ITC Limited

(R. K. Singhi)
Executive Vice President &
Company Secretary

Date: 3rd October, 2023



ITC Limited
Virginia House
37 J. L. Nehru Road
Kolkata 700 071, India
Tel. : 91 33 2288 9371
Fax : 91 33 2288 4016 / 1256 / 2259 / 2260

REPORT ON COMPLAINTS

(For the period from 2nd September, 2023 to 31st October, 2023)

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	0
2.	Number of complaints forwarded by Stock Exchange / SEBI	0
3.	Total Number of complaints / comments received (1+2)	0
4.	Number of complaints resolved	0
5.	Number of complaints pending	0

Part B

Sr. No.	Name of complainant	Date of complaint	Status
Not Applicable			

Yours faithfully,

ITC Limited

(R. K. Singhi)

Executive Vice President &
Company Secretary

Date: 1st November, 2023



National Stock Exchange Of India Limited

Ref: NSE/LIST/37298_I

January 19, 2024

The Company Secretary
ITC Limited
Virginia House
37 J. L. Nehru Road
Kolkata 700 071, India.

Kind Attn.: Mr. Rajendra Kumar Singhi

Dear Sir,

Sub: Observation Letter for draft scheme of arrangement amongst ITC Limited (“Demerged Company”) and ITC Hotels Limited (“Resulting Company” and their respective shareholders and creditors.

We are in receipt of draft scheme of arrangement amongst ITC Limited (“Demerged Company”) and ITC Hotels Limited (“Resulting Company” and their respective shareholders and creditors under sections 230 to 232 and other applicable sections of the Companies Act, 2013 vide application dated September 02, 2023.

Based on our letter reference no. NSE/LIST/37298 dated October 30, 2023, submitted to SEBI pursuant to SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, and Regulation 94 (2) of SEBI (LODR) Regulations 2015, SEBI vide its letter dated January 19, 2024, has inter alia given the following comment(s) on the draft scheme of arrangement:

- a. *Company shall ensure to disclose all the details of ongoing adjudication & recovery proceedings, prosecution initiated, and all other enforcement action taken, if any, against the Company, its promoters and directors, before Hon'ble NCLT and shareholders, while seeking approval of the Scheme.*
- b. *Company shall ensure that additional information, if any, submitted by the Company after filing the Scheme with the stock exchange, from the date of receipt of this letter, is displayed on the websites of the listed Company and the stock exchanges.*
- c. *The entities involved in the scheme shall duly comply with various provisions of the Circular and ensure that all the liabilities of Transferor Company are transferred to the Transferee Company.*
- d. *Company shall ensure that information pertaining to all the Unlisted Companies involved in the scheme shall be included in the format specified for abridged prospectus as provided in Part E of Schedule VI of the SEBI ICDR Regulations, 2018, in the explanatory statement or notice or proposal accompanying resolution to be passed, which is sent to the shareholders for seeking approval.*
- e. *Company shall ensure that the financials in the scheme including financials considered for valuation report are not for period more than 6 months old.*
- f. *Company shall ensure that the details of the proposed Scheme under consideration as provided by the Company to the Stock Exchange shall be prominently disclosed in the notice sent to the shareholders.*

This Document is Digitally Signed



Signer: DIPTI VIPIL CHINCHKEDE
Date: Fri, Jan 19, 2024 18:46:40 IST
Location: NSE

National Stock Exchange of India Limited | Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051,
India +91 22 26598100 | www.nseindia.com | CIN U67120MH1992PLC069769

- g. Company shall ensure that the proposed equity shares to be issued in terms of the "Scheme" shall mandatorily be in demat form only.
- h. Company shall ensure that the "Scheme" shall be acted upon subject to the applicant complying with the relevant clauses mentioned in the scheme document.
- i. Company shall ensure that no changes to the draft scheme except those mandated by the regulators/authorities/ tribunals shall be made without specific written consent of SEBI.
- j. Company shall ensure that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before NCLT and the Company is obliged to bring the observations to the notice of NCLT.
- k. Company to comply with all the applicable provisions of the Companies Act, 2013, rules and regulations issued thereunder including obtaining the consent from the creditors for the proposed Scheme.
- l. Company shall ensure that to additionally disclose the
- (i) details of assets, liabilities, revenue of the companies involved in the scheme, both pre and post scheme of arrangement,
 - (ii) assets, liabilities, revenue and net worth of the demerged undertaking along with a write up on the history of the demerged undertaking.
 - (iii) latest net worth certificate along with statement of assets and liabilities of both demerged company and resulting company for both pre and post the scheme of arrangement,
 - (iv) comparison of revenue and net worth of demerged undertaking with the total revenue and net worth of the listed/demerged entity in last three financial years and
 - (v) the need, rationale and synergies of the scheme along with its impact on the shareholders of demerged company as submitted by company vide its letter dated December 20, 2023, as a part of explanatory statement or notice or proposal accompanying resolution to be passed to be forwarded by the company to the shareholders while seeking approval u/s 230 to 232 of the Companies Act 2013, so that public shareholders can make an informed decision in the matter.
- m. Company shall ensure that applicable additional information submitted to Stock Exchanges and SEBI while processing the scheme and as advised by SEBI vide email dated September 21, 2023, shall form part of disclosures to the shareholders.
- n. It is to be noted that the petitions are filed by the Company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ Stock Exchange. Hence, the Company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments/ observations/ representations.

It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to National Stock Exchange of India Limited again for its comments/observations/representations.

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Please note that the submission of documents/information in accordance with the Circular to SEBI should not in any way be deemed or construed that the same has been cleared or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or for the correctness of the statements made or opinions expressed in the documents submitted.

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of Regulation 11 of SEBI (LODR) Regulations, 2015, we hereby convey our "No objection" in terms of Regulation 37 of SEBI (LODR) Regulations, 2015, so as to enable the Company to file the draft scheme with NCLT.

The Company should also fulfil the Exchange's criteria for listing of such company and also comply with other applicable statutory requirements. However, the listing of shares of ITC Hotels Limited is at the discretion of the Exchange.

The listing of ITC Hotels Limited pursuant to the Scheme of Arrangement shall be subject to SEBI approval & Company satisfying the following conditions:

1. To submit the Information Memorandum containing all the information about ITC Hotels Limited and its group companies in line with the disclosure requirements applicable for public issues with National Stock Exchange of India Limited ("NSE") for making the same available to the public through website of the companies. The following lines must be inserted as a disclaimer clause in the Information Memorandum:

"The approval given by the NSE should not in any manner be deemed or construed that the Scheme has been approved by NSE; and/ or NSE does not in any manner warrant, certify or endorse the correctness or completeness of the details provided for the unlisted Company; does not in any manner take any responsibility for the financial or other soundness of the Resulting Company, its promoters, its management etc."

2. To publish an advertisement in the newspapers containing all the information about ITC Hotels Limited in line with the details required as per SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023. The advertisement should draw a specific reference to the aforesaid Information Memorandum available on the website of the company as well as NSE.
3. To disclose all the material information about ITC Hotels Limited to NSE on the continuous basis so as to make the same public, in addition to the requirements, if any, specified in SEBI (LODR) Regulations, 2015 for disclosures about the subsidiaries.
4. The following provision shall be incorporated in the scheme:

(a) "The shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange."

(b) "There shall be no change in the shareholding pattern or control in ITC Hotels Limited between the record date and the listing which may affect the status of this approval."

This Document is Digitally Signed

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines/ Regulations issued by statutory authorities.

The validity of this "Observation Letter" shall be six months from January 19, 2024, within which the Scheme shall be submitted to NCLT.

Kindly note, this Exchange letter should not be construed as approval under any other Act /Regulation/rule/bye laws (except as referred above) for which the Company may be required to obtain approval from other department(s) of the Exchange. The Company is requested to separately take up matter with the concerned departments for approval, if any.

The Company shall ensure filing of compliance status report stating the compliance with each point of Observation Letter on draft scheme of arrangement on the following path: NEAPS > Issue > Scheme of arrangement > Reg 37(1) of SEBI LODR, 2015> Seeking Observation letter to Compliance Status.

Yours faithfully,
For National Stock Exchange of India Limited

Dipti Chinchkhede
Senior Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL:
<https://www.nseindia.com/companies-listing/raising-capital-further-issues-main-sme-checklist>

This Document is Digitally Signed



Signer: DIPTI VIPIL CHINCHKHEDE
Date: Fri, Jan 19, 2024 18:46:40 IST
Location: NSE

DCS/AMAL/IP/R37/3038/2023-24

January 19, 2024

The Company Secretary,
ITC LTD.
Virginia House,
37 Jawaharlal Nehru Road,
Kolkata, West Bengal,
700071

Dear Sir,

Sub: Observation letter regarding the Scheme of Arrangement between ITC LTD (Demerged Company) and ITC HOTELS LIMITED (Resulting Company) and its Shareholders and Creditors

We are in receipt of Scheme of Arrangement between ITC LTD (Demerged Company) and ITC HOTELS LIMITED (Resulting Company) and its Shareholders and Creditors filed by ITC LTD as required under SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 read with Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/665 dated November 23, 2021 read with SEBI Master circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 and Regulation 94(2) of SEBI LODR Regulations 2015 along with SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/0000000103 dated July 29, 2022 (SEBI Circular) and Regulation 94A(2) SEBI (LODR) Regulations, 2015; SEBI vide its letter dated January 19, 2024 has inter alia given the following comment(s) on the draft scheme of Arrangement;

SEBI comments in accordance with Regulation 37(1) of SEBI Master circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023

- a. "The Company shall disclose all details of ongoing adjudication & recovery proceedings, prosecution initiated, and all other enforcement action taken, if any, against the Company, its promoters and directors, before Hon'ble NCLT and shareholders, while seeking approval of the scheme."
- b. "Company shall ensure that additional information, if any, submitted by the Company after filing the scheme with the stock exchange, from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges."
- c. "The stock exchange shall ensure compliance with SEBI circulars issued from time to time."
- d. "The entities involved in the Scheme shall duly comply with various provisions of the Circular and ensure that all liabilities of transferor company are transferred to the transferee company."
- e. "Company is advised that the information pertaining to all the unlisted companies involved, if any, in the scheme shall be included in the format specified for abridged prospectus as provided in Part E of the schedule VI of the ICDR Regulations 2018, in the explanatory statement or notice or proposal accompanying resolution to be passed, which is sent to the shareholders for seeking approval."

Page 1 of 3

- f. "Company shall ensure that the financials in the scheme including financials considered for valuation report are not for period more than 6 months old."
- g. "Company shall ensure that the details of the proposed scheme under consideration as provided by the Company to the Stock Exchange shall be prominently disclosed in the notice sent to the Shareholders."
- h. "Company is advised to disclose the (i) details of assets, liabilities, revenue of the companies involved in the scheme, both pre and post scheme of arrangement, (ii) assets, liabilities revenue and net worth of the demerged undertaking along with a write up on the history of the demerged undertaking (iii) latest net worth certificate along with statement of assets and liabilities of both demerged company and resulting company for both pre and post the scheme of arrangement, (iv) comparison of revenue and net worth of demerged undertaking with the total revenue and net worth of the listed/demerged entity in last three financial years and (v) the need, rationale and synergies of the scheme along with its impact on the shareholders of demerged company as submitted by company vide its letter dated December 20, 2023, as a part of explanatory statement or notice or proposal accompanying resolution to be passed to be forwarded by the company to the shareholders while seeking approval u/s 230 to 232 of the Companies Act 2013, so that public shareholders can make an informed decision in the matter."
- i. "Company shall ensure that the proposed equity shares to be issued in terms of the "Scheme" shall mandatorily be in demat form only."
- j. "Company shall ensure that the "Scheme" shall be acted upon subject to the applicant complying with the relevant clauses mentioned in the scheme document."
- k. "Company shall ensure that no changes to the draft scheme except those mandated by the regulators/ authorities / tribunals shall be made without specific written consent of SEBI."
- l. "Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before Hon'ble NCLT and the Company is obliged to bring the observations to the notice of Hon'ble NCLT."
- m. "Company is advised to ensure that applicable additional information submitted to Stock Exchanges and SEBI while processing the scheme and as advised by SEBI vide email dated September 21, 2023, shall form part of disclosures to the shareholders."
- n. "It is to be noted that the petitions are filed by the company before Hon'ble NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations."



Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted company involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Further, it may be noted that with reference to Section 230 (5) of the Companies Act, 2013 (Act), read with Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules 2016 (Company Rules) and Section 66 of the Act read with Rule 3 of the Company Rules wherein pursuant to an Order passed by the Hon'ble National Company Law Tribunal, a Notice of the proposed scheme of compromise or arrangement filed under sections 230-232 or Section 66 of the Companies Act 2013 as the case may be **is required to be served upon the Exchange seeking representations or objections if any.**

In this regard, with a view to have a better transparency in processing the aforesaid notices served upon the Exchange, the Exchange has **already introduced an online system of serving such Notice along with the relevant documents of the proposed schemes through the BSE Listing Centre.**

Any service of notice under Section 230 (5) or Section 66 of the Companies Act 2013 seeking Exchange's representations or objections if any, **would be accepted and processed through the**

Listing Centre only and no physical filings would be accepted. You may please refer to circular dated February 26, 2019 issued to the company.

Yours faithfully,



Sabah Vaze
Senior Manager



Jayanti Pradhan
Assistant Manager

The Calcutta Stock Exchange Ltd.

7, Lyons Range, Kolkata - 700 001
Phone : +91 33 4025 3000, Fax : +91 33 4025 3030 / 3017
Website : www.cse-india.com, E-mail : cseadm@se-india.com
CIN: U67120WB1923PLC004707

Ref.No. CSE/LD/ 15998/2024

January 22, 2024

The Company Secretary
ITC LTD
Virginia House,
37, Jawaharlal Nehru Road,
Kolkata-700 071.

Dear Sir,

Sub: Observation letter for draft Scheme of Arrangement between ITC LTD (Demerged Company) and ITC Hotels Limited (Resulting Company) and its Shareholders and Creditors.

We are in receipt of the draft Scheme of Arrangement between ITC LTD (Demerged Company) and ITC HOTELS LIMITED (Resulting Company) and its Shareholders and Creditors filed by ITC LTD as required under SEBI Circular. No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 read with Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/665 dated November 23, 2021 read with SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 and Regulation 94(2) of SEBI LODR Regulations 2015 along with SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/0000000103 dated July 29, 2022 (SEBI Circular) and Regulation 94A(2) SEBI (LODR) Regulation 2015, SEBI vide its letter dated January 19, 2024 has inter alia given the following comment(s) on draft Scheme of Arrangement:

- Company shall ensure to disclose all the details of ongoing adjudication & recovery proceedings, prosecution initiated, and all other enforcement action taken, if any against the Company, its promoters and directors, before Hon'ble NCLT and shareholders, while seeking approval of the Scheme.
- Company shall ensure that additional information, if any, submitted by the Company, after filling the scheme with the stock exchange, from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges."
- "Company shall ensure compliance with the SEBI circulars issued from time to time"
- Company shall duly comply with various provisions of the Circulars" and ensure the liabilities of Transferor Company are transferred to the Transferee Company.
- Company shall ensure that information pertaining to all the Unlisted Companies involved, if any, in the scheme shall be included in the format specified for abridge prospectus as provided in Part E of Schedule VI of the ICDR Regulations, 2018, in the explanatory statement or notice or proposed accompanying resolution to be passed, which is sent to the shareholders for seeking approval.
- Company shall ensure that the financials in the scheme including financials considered for valuation report are not for period more than 6 months old.
- Company shall ensure that the details of the proposed Scheme under consideration as provided by the company to the Stock Exchange shall be prominently disclosed in the notice sent to the shareholders.

(contd.....p/2)

The Calcutta Stock Exchange Ltd.

7, Lyons Range, Kolkata - 700 001

Phone : +91 33 4025 3000, Fax : +91 33 4025 3030 / 3017

Website : www.cse-india.com, E-mail : cseadm@seadmn@cse-india.com

CIN: U67120WB1923PLC004707

- Company is advised to disclose the (i) details of assets, liabilities, revenue of the companies involved in the scheme, both pre and post scheme of arrangement, (ii) assets, liabilities revenue and net worth of the demerged undertaking along with a write upon the history of the demerged undertaking (iii) latest net worth certificate along with statement of assets and liabilities of both demerged company and resulting company for both pre and post the scheme of arrangement, (iv) Comparison of revenue and net worth of demerged undertaking with the total revenue and net worth of the listed/demerged entity in last three financial years and (v) the need, rationale and synergies of the scheme along with its impact on the shareholders of demerged company as submitted by company. The shareholders while seeking approval u/s 230 to 232 of the Companies Act 2013, so that public shareholders can make an informed decision in the matter.
- Company shall ensure that the proposed equity shares to be issued in terms of the "Scheme" shall mandatorily be demat form only.
- Company shall ensure that the "Scheme" shall be acted upon subject to the applicant complying with the relevant clauses mentioned in the Scheme document.
- Company shall ensure that no changes to the draft scheme except those mandated by the regulators /authorities / tribunals shall be made without specific written consent of SEBI.
- Company shall ensure that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before NCLT and the companies are obliged to bring the observations to the notice to NCLT.
- Company is advised to ensure that applicable additional information submitted to Stock Exchanges and SEBI while processing the scheme and as advised by SEBI vide email dated September 21, 2023, shall form part of disclosure to the shareholders".
- It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments / observations on draft scheme by SEBI /Stock Exchanges. Hence the companies are not required to send notice for representation as mandated under Section 230(5) of Companies Act, 2013 to SEBI again for its comments /observations /representations.

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing /de-listing /continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT.

(Cont.....p/3)



The Calcutta Stock Exchange Ltd.

7, Lyons Range, Kolkata - 700 001
Phone : +91 33 4025 3000, Fax : +91 33 4025 3030 / 3017
Website : www.cse-india.com, E-mail : cseadm@se-india.com
CIN: U67120WB1923PLC004707

-3-

Further where applicable in the explanatory statement of the notice to be sent by the company to the shareholders while seeking approval of the scheme it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (LODR) Regulation, 2015. **The validity of this Observation Letter shall be Six Months from the date of this Letter.** Within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines / Regulations issued by statutory authorities.

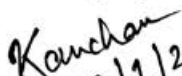
Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Further, it may be noted that with reference to Section 230 (5) of the Companies Act, 2013 (Act), read with Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules 2016 (Company Rules) and Section 66 of the Act read with Rule 3 of the Company Rules wherein pursuant to an Order passed by the Hon'ble National Company Law Tribunal, a Notice of the proposed scheme of compromise or arrangement filed under sections 230-232 or Section 66 of the companies Act 2013 as the case may be is required to be served upon the Exchange seeking representations or objections if any.

Yours faithfully,

For THE CALCUTTA STOCK EXCHANGE LTD.


22/1/2024.
(Chandrani Datta)
Company Secretary.


22/1/24

**DETAILS OF ONGOING ADJUDICATION AND RECOVERY PROCEEDINGS,
PROSECUTION INITIATED, AND ALL OTHER ENFORCEMENT ACTION TAKEN,
IF ANY, AGAINST THE DEMERGED COMPANY, ITS PROMOTERS AND DIRECTORS**

1. Almost 27 years back, the Enforcement Directorate ('ED') had carried out investigations under the then Foreign Exchange Regulation Act, 1973 ('FERA') against the Demerged Company and some of its officials. After completion of such investigations, 26 show cause notices for adjudication were issued. Out of these, 17 show cause notices were dropped by the Department and 5 were quashed by the Calcutta High Court. Detailed replies to the remaining 4 show cause notices have been filed with the Adjudicating Authority. Hearing has been completed for two of these show cause notices in the year 2015 and orders have been reserved. The Demerged Company has challenged one of these show cause notices by way of a writ petition before the Calcutta High Court, and the same is pending. The other two show cause notices are yet to be heard by the Adjudicating Authority. Further, 6 prosecution cases were also initiated by the ED. Two of the prosecutions have been quashed by the Calcutta High Court, while quashing petitions for 4 cases are pending.

Other than the above, no material regulatory action has been taken or is pending against the Demerged Company.

2. A shareholder, by the name of Mr. Ravi Kumar Mehrotra, alleged that his shares in the Demerged Company have been fraudulently dematerialised in the year 2008 by some other individuals (Alleged Offenders) who have impersonated him by using false documents. In this connection, Mr. Mehrotra has filed a criminal case against the Alleged Offenders and has also made the Demerged Company a party in the same. The matter is pending before the Chief Metropolitan Magistrate, Esplanade Court, Mumbai.
3. There are no material civil litigations against the Demerged Company. However, though not required to be disclosed, for the purpose of completeness and for information, the following matters are being disclosed:
 - (a) The Demerged Company has initiated proceedings before the erstwhile Company Law Board submitting that the affairs of Logix Developers Private Limited ('JV Company'), a joint venture entity between the Demerged Company and Logix Estates Private Limited ('JV Partner'), were being conducted in a manner that was prejudicial to the interest of the Demerged Company and the JV Company. The matter is currently before the National Company Law Tribunal ('NCLT'). The JV Partner had also filed a petition before the Delhi High Court for winding up the JV Company, which was transferred to the NCLT by the Delhi High Court. The matter was heard before the NCLT on several occasions in the past but could not be concluded. On 21st January, 2020, the matter was assigned to a new bench, post which hearings on the matter are being held.
 - (b) In respect of Pavan Poplar Limited ('PPL'), a wholly owned subsidiary of the Demerged Company, an order has been passed by the High Court of Uttarakhand at Nainital in February, 2014, dismissing the writ petition filed by PPL against the order of the District Magistrate authorising the state authorities to take possession of the land leased to PPL. PPL has filed an appeal against the said order of the High Court, which has been admitted in April, 2014 and the matter is pending before the High Court.

(c) In respect of Prag Agro Farm Limited ('PAFL'), a wholly owned subsidiary of the Demerged Company, an order has been passed by the High Court of Uttarakhand at Nainital in February, 2014, dismissing the writ petition filed by PAFL against the order of the District Magistrate authorising the state authorities to take possession of the land leased to PAFL. PAFL has filed an appeal against the said order of the High Court, which has been admitted in April, 2014 and the matter is pending before the High Court.

4. Details of proceedings relating to direct and indirect taxes pertaining to the Demerged Company are as below.

Nature of case	Number of cases	Amount involved (₹ in crores) *
Direct taxes		
Proceedings initiated by the Demerged Company	21	1,382.95
Proceedings initiated against the Demerged Company	18	173.03
Indirect taxes		
Proceedings initiated by the Demerged Company	3	4.59
Proceedings initiated against the Demerged Company	320	658.37

**To the extent ascertainable.*

5. The Demerged Company does not have a Promoter or Promoter Group; hence disclosure of any proceedings against Promoters is not applicable.
6. There are no pending litigations against the Demerged Company's Directors that would have an adverse impact on the proposed Scheme of Arrangement or its implementation.

ITC HOTELS LIMITED

Registered Office: Virginia House, 37 J. L. Nehru Road, Kolkata – 700 071
 Phone: 033-22889371 • CIN: U55101WB2023PLC263914 • e-mail: investorservices@itchohels.in

DISCLOSURE DOCUMENT

This Disclosure Document ('Disclosure Document') has been prepared solely as per the requirements of the SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated 20th June, 2023, as amended from time to time, in connection with the Scheme of Arrangement amongst ITC Limited ('ITC' or 'Demerged Company') and ITC Hotels Limited ('ITC Hotels' or 'Resulting Company') and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ('the Act') ('Scheme') filed before the Hon'ble National Company Law Tribunal, Kolkata Bench.

This Disclosure Document discloses applicable information [as prescribed in the format for abridged prospectus provided in Part E of Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018] pertaining to ITC Hotels, being an unlisted company in the Scheme.

This Disclosure Document should be read together with the Scheme, and the Notice & the Explanatory Statement sent to the shareholders of the Demerged Company.

This Disclosure Document should not be considered as an invitation or an offer of any securities by or on behalf of ITC or ITC Hotels.

THIS DISCLOSURE DOCUMENT CONTAINS 12 PAGES. PLEASE ENSURE THAT YOU HAVE RECEIVED ALL THE PAGES.

ITC HOTELS LIMITED

CIN: U55101WB2023PLC263914 | **Date of Incorporation:** 28th July, 2023

Registered Office	Corporate Office	Contact Person	Telephone, E-mail and Website
Virginia House 37 Jawaharlal Nehru Road Kolkata 700 071 West Bengal	Same as Registered Office	Diwaker Dinesh, Manager and Company Secretary	Telephone: 033 2288 9371 E-mail: investorservices@itchohels.in Website: --
NAME OF PROMOTER OF ITC HOTELS: ITC LIMITED			

Details of Offer to Public	Not Applicable
Details of OFS by Promoter(s) / Promoter Group / Other Selling Shareholders	
Price Band, Minimum Bid Lot and Indicative Timelines	
Details of WACA (Weighted Average Cost of Acquisition) of all shares transacted over the trailing eighteen months from the date of RHP (Red Herring Prospectus)	

DETAILS OF THE SCHEME

BRIEF PARTICULARS OF THE SCHEME

- (a) The Scheme of Arrangement is presented under Sections 230 to 232 and other applicable provisions of the Act amongst ITC and ITC Hotels and their respective shareholders and creditors.
- (b) The Scheme, inter alia, provides for:
- (i) demerger of the Demerged Undertaking (*as defined in the Scheme*) comprising the Hotels Business (*as defined in the Scheme*) of ITC, i.e. the Demerged Company into ITC Hotels, i.e. the Resulting Company, on a going concern basis and in consideration, the consequent issuance of equity shares by the Resulting Company to all the shareholders of the Demerged Company as per the Share Entitlement Ratio (*as defined hereinafter*), and in accordance with the provisions of Section 2(19AA) read with other relevant provisions of the Income-tax Act, 1961 ('IT Act');
 - (ii) various other matters consequential or otherwise integrally connected therewith, including changes to the share capital and securities premium account of the Resulting Company, pursuant to the provisions of Sections 230 to 232 read with other applicable / relevant provisions of the Act and in compliance with the provisions of the IT Act and other applicable regulatory requirements.
- (c) Upon the Scheme becoming effective and in consideration of the transfer and vesting of the Demerged Undertaking from the Demerged Company to the Resulting Company in terms of the Scheme, the Resulting Company shall, without any further application, act or deed, issue and allot equity shares, credited as fully paid-up, to the shareholders of the Demerged Company, holding fully paid-up Ordinary Shares (*as defined in the Scheme*) and whose names appear in the register of members, including register and index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996, of the Demerged Company, on the Record Date or to such of their respective heirs, executors, administrators or other legal representative or other successors in title as on the Record Date in the following manner:
- "for every 10 Ordinary Shares of face and paid-up value of ₹ 1/- each held in the Demerged Company, 1 Equity Share of face and paid-up value of ₹ 1/- in the Resulting Company" ('Share Entitlement Ratio') .*
- (d) All the equity shares of ITC Hotels will be listed and / or admitted to trading on the National Stock Exchange of India Limited and BSE Limited, which have nation-wide trading terminals.
- (e) The Scheme shall be effective from the Appointed Date and shall be operative from the Effective Date.
- (f) The Scheme is subject to the approvals and sanctions as mentioned in the Scheme.

RATIONALE AND OBJECTIVE OF THE SCHEME

- (a) The Demerged Company is a diversified company engaged in various businesses including hotels. The Hotels Business of the Demerged Company includes ownership / licensing / management of several hotel properties and providing services including accommodation, dining, banqueting, etc.

- (b) The Hotels Business of the Demerged Company has matured over the years and is well poised to chart its own growth path and operate as a separate listed entity in the fast-growing hospitality industry whilst continuing to leverage the Demerged Company's institutional strengths, strong brand equity and goodwill. Therefore, the Scheme is being proposed to segregate Hotels Business from the Remaining Business of the Demerged Company and demerge it into the Resulting Company. The proposed Scheme would be in the best interests of the companies and their respective shareholders, employees, creditors and other stakeholders for the following reasons:
- (i) The confluence of favourable factors such as rising societal aspirations, strong macro-economic fundamentals of the country, Government of India's thrust on the Travel & Tourism industry and infrastructure creation along with rapid digitalisation present immense opportunities for the Hotels Business going forward, though distinct from the other businesses of the Demerged Company.
 - (ii) In light of the distinctive profile of the hospitality industry, housing the Hotels Business in a separate listed entity would enable crafting of the next horizon of growth and sustained value creation for shareholders through sharper focus on the business anchored on a differentiated strategy aligned with industry specific market dynamics.
 - (iii) The Resulting Company is a newly incorporated entity which will have the ability to raise capital from equity and debt markets towards funding its growth requirements.
 - (iv) The Resulting Company as a focused entity would attract the right sets of investors, strategic partners and collaborations, whose investment strategies and risk profiles are aligned more sharply with the hospitality industry.
 - (v) The Scheme would unlock value of the Hotels Business for existing shareholders of the Demerged Company through independent market driven valuation of their shares in the Resulting Company which will be listed pursuant to the Scheme, along with the option and flexibility to remain invested in a pure play hospitality focused listed entity.
 - (vi) The Scheme will ensure long term stability and strategic support to the Resulting Company and also enable the leveraging of cross synergies between the two companies.

RISKS IN RELATION TO THE FIRST OFFER

Not Applicable, as no offer of equity shares to the public is envisaged.

GENERAL RISKS

Investment in equity and equity-related securities involve a degree of risk and investors should not invest any funds unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking any investment decision. For taking any investment decision, investors must rely on their own examination of ITC, ITC Hotels and the Scheme, including the risks involved. The equity shares of ITC Hotels have not been recommended or approved by the Securities and Exchange Board of India ('SEBI') / Stock Exchanges, nor does SEBI / Stock Exchanges guarantee the accuracy or adequacy of the contents of the Disclosure Document. Specific attention of the investors is invited to the section titled 'INTERNAL RISK FACTORS'.

PROCEDURE

The procedure with respect to public issue / offer would not be applicable as the issue of equity shares by ITC Hotels is proposed only for the shareholders of ITC pursuant to the Scheme. Hence, the procedure with respect to Bid-Cum-Application Form, Red Herring Prospectus and General Information Document etc. are not applicable.

PRICE INFORMATION OF BOOK RUNNING LEAD MANAGER(S)

Not Applicable

STATUTORY AUDITORS OF ITC HOTELS LIMITED

Messrs. S.R. Batliboi & Co. LLP
(Firm Registration Number 301003E/E300005)

PROMOTER OF ITC HOTELS LIMITED

Sl. No.	Name	Individual / Corporate	Experience
1.	ITC Limited	Corporate	<p>ITC Limited was incorporated on 24th August, 1910 as 'The Imperial Tobacco Company of India Limited' under the provisions of the Indian Companies Act, 1882. Subsequently, its name was changed to 'India Tobacco Company Limited' on 20th May, 1970, to 'I.T.C. Limited' on 30th March, 1974 and to 'ITC Limited' on 18th September, 2001.</p> <p>ITC is a public limited company within the meaning of the Act, having CIN: L16005WB1910PLC001985. Its Registered Office is at Virginia House, 37 Jawaharlal Nehru Road, Kolkata 700 071, West Bengal. ITC is one of India's leading private sector companies and a diversified conglomerate with businesses spanning Fast Moving Consumer Goods, Hotels, Paperboards, Paper and Packaging, and Agri Business.</p> <p>The Ordinary Shares of ITC are listed on the National Stock Exchange of India Limited, BSE Limited and The Calcutta Stock Exchange Limited, and the Global Depository Receipts of ITC are listed on the Luxembourg Stock Exchange.</p>

BUSINESS OVERVIEW AND STRATEGY OF ITC HOTELS LIMITED	
Company Overview	ITC Hotels was incorporated on 28th July, 2023 as a public limited company under the provisions of the Act having CIN: U55101WB2023PLC263914. Its Registered Office is at Virginia House, 37 Jawaharlal Nehru Road, Kolkata 700 071, West Bengal. ITC Hotels is a wholly owned subsidiary of ITC and its main object is 'hotels and hospitality' business.
Product / service offering Revenue segmentation by product / service offering	ITC Hotels is yet to commence its business operations.
Geographies served Revenue segmentation by geographies	Not Applicable
Key Performance Indicators	Not Applicable, since ITC Hotels is yet to commence its business operations.
Client profile or industries served Revenue segmentation in terms of top 5/10 clients or industries	Not Applicable
Intellectual Property, if any	Not Applicable
Market share	Nil
Manufacturing plant, if any	Nil
Employee strength	<p>Upon the Scheme becoming effective, all employees of ITC who are employed in or in relation to the Demerged Undertaking (<i>as defined in the Scheme</i>) as on the Effective Date shall be deemed to have become employees of ITC Hotels in the same capacity as they were employed with ITC.</p> <p>Presently, ITC Hotels has two employees.</p>

BOARD OF DIRECTORS OF ITC HOTELS LIMITED

Sl. No.	Name	Designation (Independent / Wholetime / Executive / Nominee)	Experience and Educational Qualification	Other Directorships
1.	Mr. Sanjiv Puri (00280529)	Chairman and Non-Executive Director	<p>Mr. S. Puri is the Chairman & Managing Director of ITC Limited. He is an alumnus of the Indian Institute of Technology, Kanpur.</p> <p>Mr. Puri joined ITC in January 1986. During his career of over three decades at ITC and its subsidiaries, he has held several business leadership positions and also handled a wide range of responsibilities in manufacturing, operations and information & digital technology.</p> <p>Presently, Mr. Puri is the President-Designate of CII. He is the Chairman of the Board of Governors of the Indian Institute of Technology, Gandhinagar, and of the Advisory Council of the CII-ITC Centre of Excellence for Sustainable Development. Mr. Puri is also a Director on the Board of US-India Strategic Partnership Forum, Co-Chair of the 'Business Commission to Tackle Inequality' set up by the World Business Council for Sustainable Development, Member of the BRICS Business Council, and also a Member of the Governing Body of the National Council of Applied Economic Research.</p> <p>Mr. Puri was recognised with the 'Business Leader of the Year Award' by the All India Management Association and the 'Best CEO Award' by Business Today in the year 2024. The Asian Centre for Corporate Governance and Sustainability honoured him with the 'Transformational Leader Award 2022-23'. He was conferred with the 'IMPACT Person of the Year, 2020' Award by Exchange4media, 'Distinguished Alumnus Award of the year 2018' by the Indian Institute of Technology, Kanpur, and was also bestowed with an Honorary Doctorate by the XIM University, Bhubaneswar.</p>	<p><u>Indian companies</u></p> <ol style="list-style-type: none"> 1. ITC Limited 2. ITC Infotech India Limited 3. Indian School of Business <p><u>Foreign companies</u></p> <ol style="list-style-type: none"> 1. Surya Nepal Private Limited 2. ITC Infotech Limited, UK 3. ITC Infotech (USA), Inc.

BOARD OF DIRECTORS OF ITC HOTELS LIMITED

Sl. No.	Name	Designation (Independent / Wholetime / Executive / Nominee)	Experience and Educational Qualification	Other Directorships
2.	Mr. Anil Chadha (08073567)	Non-Executive Director	<p>Mr. A. Chadha, an alumnus of the Welcomgroup Graduate School of Hotel Administration, joined ITC Limited - Hotels Division in August 1990 as an Executive Trainee. He has spent most part of his career with ITC Hotels, heading key hotel properties in New Delhi, Agra, Bengaluru and Chennai. He is presently the Divisional Chief Executive of the Hotels Division of ITC.</p> <p>In ITC, Mr. Chadha has successfully implemented innovative service standards and efficiency enhancements, optimising hotel operations for superior guest experiences and earning a distinctive reputation for the brand.</p>	<p><u>Indian companies</u></p> <ol style="list-style-type: none"> 1. International Travel House Limited 2. Gujarat Hotels Limited 3. Fortune Park Hotels Limited 4. Maharaja Heritage Resorts Limited <p><u>Foreign companies</u></p> <p>WelcomHotels Lanka (Private) Limited</p>
3.	Mr. Supratim Dutta (01804345)	Non-Executive Director	<p>Mr. S. Dutta is a Wholetime Director and Chief Financial Officer of ITC Limited.</p> <p>A qualified Chartered Accountant and Cost Accountant, Mr. Dutta joined ITC in November 1990. In a career spanning over three decades at ITC, he has held various senior roles in the finance function, both at the business and corporate level. He has handled various aspects of finance including Planning, Treasury, M&A, Accounting, Taxation, IT, Investor Relations and business strategy.</p> <p>Presently, Mr. Dutta is a Member of the CII National Committee on Financial Reporting.</p>	<p><u>Indian companies</u></p> <ol style="list-style-type: none"> 1. ITC Limited 2. Russell Credit Limited 3. ITC Integrated Business Services Limited 4. Greenacre Holdings Limited 5. Gold Flake Corporation Limited 6. ITC Infotech India Limited <p><u>Foreign companies</u></p> <ol style="list-style-type: none"> 1. WelcomHotels Lanka (Private) Limited 2. Surya Nepal Private Limited 3. ITC Infotech Limited, UK 4. ITC Infotech (USA), Inc.

BOARD OF DIRECTORS OF ITC HOTELS LIMITED

Sl. No.	Name	Designation (Independent / Wholetime / Executive / Nominee)	Experience and Educational Qualification	Other Directorships
4.	Mr. Prathivadi-bhayankara Rajagopalan Ramesh (01915274)	Non-Executive Director	<p>Mr. P. R. Ramesh, a Commerce Graduate from Osmania University, Hyderabad, and a Fellow Member of the Institute of Chartered Accountants of India, has several years of experience. He has served as a Partner of Messrs. Deloitte Haskins & Sells LLP.</p> <p>Mr. Ramesh has been associated with various regulatory & industry bodies. He was a Member of the High Powered Advisory Committee of SEBI dealing with settlement of enforcement actions, the SEBI Committee on Disclosures and Accounting Standards, and the Committee for Reforming the Regulatory Environment for doing Business in India set up by the Ministry of Corporate Affairs, Government of India, amongst others.</p> <p>Mr. Ramesh is currently the Chairman of the Insolvency Research Foundation and a Member of the CII Corporate Governance Council.</p>	<p><u>Indian companies</u></p> <ol style="list-style-type: none"> 1. Larsen & Toubro Limited 2. Nestle India Limited 3. Crompton Greaves Consumer Electricals Limited 4. Cipla Limited 5. Tejas Networks Limited 6. Air India Limited 7. Air India Express Limited 8. NSE Investments Limited 9. Forum for Indian Accounting Research 10. AIX Connect Private Limited <p><u>Foreign companies</u></p> <p>Nil</p>
5.	Mr. Rajendra Kumar Singhi (00009931)	Non-Executive Director	<p>Mr. R. K. Singhi is the Executive Vice President & Company Secretary of ITC Limited. He is a Fellow Member of the Institute of Company Secretaries of India (ICSI).</p> <p>Mr. Singhi has over 38 years of experience in corporate laws and governance related matters. He has been the Chairman of the Corporate Governance Committee of</p>	<p><u>Indian companies</u></p> <ol style="list-style-type: none"> 1. Russell Credit Limited 2. ITC Infotech India Limited <p><u>Foreign companies</u></p> <ol style="list-style-type: none"> 1. WelcomHotels Lanka (Private) Limited 2. Surya Nepal Private Limited

BOARD OF DIRECTORS OF ITC HOTELS LIMITED				
Sl. No.	Name	Designation (Independent / Wholetime / Executive / Nominee)	Experience and Educational Qualification	Other Directorships
			<p>The Bengal Chamber of Commerce and Industry and a Member of the Secretarial Standards Board of the ICSI. Mr. Singhi is presently a Member of the CII National Committee on Regulatory Affairs.</p> <p>During the year 2020-21, Mr. Singhi was awarded the 'Governance Professional of the year Award' by the ICSI.</p>	<p>3. ITC Infotech Limited, UK</p> <p>4. ITC Infotech (USA), Inc.</p>

OBJECT OF THE SCHEME			
<p>Kindly refer to the brief details of the Scheme given under the section titled 'DETAILS OF THE SCHEME'.</p> <p>Details of means of finance: Not Applicable</p> <p>Details and reasons for non-deployment or delay in deployment of proceeds or changes in utilisation of issue proceeds of past public issues / rights issue, if any, in the preceding 10 years: Not Applicable</p> <p>Name of monitoring agency, if any: Not Applicable</p> <p>Terms of Issuance of Convertible Security, if any: Not Applicable</p>			
PRE-SCHEME SHAREHOLDING PATTERN OF ITC HOTELS LIMITED			
Sl. No.	Particulars	Pre-Scheme number of Shares	Pre-Scheme percentage of shareholding
1.	Promoter and Promoter Group	83,00,00,000 *	100.00%
2.	Public	—	—
	Total	83,00,00,000	100.00%
<p>* Held by ITC Limited (including 6 shares held jointly with its employees).</p> <p>Number / amount of equity shares proposed to be sold by selling shareholders, if any: Not Applicable</p>			

AUDITED FINANCIALS OF ITC HOTELS LIMITED FOR THE PERIOD ENDED 31ST MARCH, 2024

(₹ in lakhs, unless specified otherwise)

Particulars	Amount
Revenue from operations	—
Total Income	416.64
Profit before tax	147.69
Profit for the period	110.52
Equity Share Capital	8,300.00
Other Equity	110.52
Net worth	8,410.52
Basic earnings per share (₹ per share)	0.01
Diluted earnings per share (₹ per share)	0.01
Return on net worth (%)	1.31%
Net asset value per share (₹ per share)	1.01

Notes:

1. ITC Hotels was incorporated on 28th July, 2023. Hence, the first financial year of ITC Hotels is from 28th July, 2023 to 31st March, 2024, in accordance with Section 2(41) of the Act.
2. Net worth has been computed as per Section 2(57) of the Act.
3. Return on net worth (%) has been arrived at by dividing Profit for the period by Net worth.
4. Net asset value per share has been arrived at by dividing Net worth by the number of outstanding Equity Shares.

INTERNAL RISK FACTORS

1. ITC Hotels ("the company") has been incorporated to carry on the hotels and hospitality business upon the Scheme becoming effective. The Scheme is subject to the conditions / approvals as envisaged under the Scheme and any failure to receive such approvals will result in non-implementation of the Scheme and may adversely affect the shareholders.
2. Deterioration in the quality or reputation of the company's brands on account of negative publicity or misinformation on social / other media, inconsistency in service standards (including due to reasons beyond the company's control, or allegations of defects, even when false), could have an adverse impact on the business, financial performance and growth prospects of the company.
3. Increase in competitive intensity, both from Indian and international players, in the fast-growing Indian hospitality industry, may adversely affect the business and financial performance of the company.
4. Operational risks such as inconsistent service standards, non-adherence to quality control norms, non-renewal of licence or lease arrangements or unfavourable amendments to terms and conditions thereof, delay in timelines / cost overruns of projects, may adversely affect business operations and financial performance of the company.
5. Non-compliance with regulations relating to, inter alia, environment, health & safety, food safety & standards, real estate, taxation and labour laws may adversely affect business operations of the company.
6. Increasing intensity of sophisticated cyber-attacks may result in non-availability of Information Technology systems and Information Assets, loss of data integrity and compromise / theft of sensitive or personal information of customers, which may lead to significant disruption of operations, erosion of stakeholder confidence and reputational damage.

7. Inability to attract and retain high quality talent, inadequate training & development, and high attrition may adversely affect business operations and growth prospects of the company.
8. The hospitality industry is subject to seasonal variations in demand, which may lead to significant fluctuations in quarterly financial performance of the company.
9. Black Swan events, economic downturns, cyclical volatility, natural calamities, terrorist attacks etc., which are beyond the control of the company, may adversely affect business operations and financial performance.
- The company will institute a comprehensive risk management policy and framework, along with appropriate governance mechanisms, towards implementation of appropriate risk mitigation strategies and action plans.

SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTIONS

A. Total number of outstanding litigations against ITC Hotels and amount involved:

Name of Entity	Criminal Proceedings	Tax Proceedings	Statutory or Regulatory Proceedings	Disciplinary action by SEBI / Stock Exchanges against Promoters	Material Civil Litigations	Aggregate amount involved (₹ in crores) ^{\$}
ITC Hotels						
By ITC Hotels	Nil	Nil	Nil	Nil	Nil	N.A.
Against ITC Hotels	Nil	Nil	Nil	Nil	Nil	N.A.
Directors						
By the Directors of ITC Hotels	Nil	Nil	Nil	Nil	Nil	N.A.
Against the Directors of ITC Hotels	Nil	Nil	Nil	Nil	Nil	N.A.
Promoter						
By Promoter of ITC Hotels	Nil*	24	Nil	Nil	Nil [#]	1,387.54
Against Promoter of ITC Hotels	5	338	4 [^]	Nil	Nil [#]	831.40
Subsidiaries						
By Subsidiaries	Not Applicable as ITC Hotels does not have any subsidiary					
Against Subsidiaries						

^{\$} To the extent ascertainable.

* Does not include proceedings in the ordinary course, such as proceedings initiated by the Promoter under the Negotiable Instruments Act, 1881.

[#] Civil litigations involving amount of more than the materiality threshold [as per Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015] for the Promoter have been considered as material.

[^] Does not include correspondence with regulators on routine matters where there is no regulatory action in the nature of a penalty / stricture being imposed or routine operational matters which do not have a bearing on the existence or operations of the Promoter.

- B. Brief details of top 5 material outstanding litigations against ITC Hotels and amount involved: **Not Applicable**
- C. Regulatory or disciplinary actions taken by SEBI or Stock Exchanges against Promoter of ITC Hotels (i.e., ITC) in last 5 financial years including outstanding action, if any – **NONE**
- D. Brief details of outstanding criminal proceedings against Promoter of ITC Hotels (i.e., ITC):
- (a) **FERA Proceedings**: Almost 27 years back, the Enforcement Directorate ('ED') had carried out investigations under the then Foreign Exchange Regulation Act, 1973 ('FERA') against ITC and some of its officials. After completion of such investigations, 26 show cause notices for adjudication were issued. Out of these, 17 show cause notices were dropped by the Department and 5 were quashed by the Calcutta High Court.
- Detailed replies to the remaining 4 show cause notices have been filed with the Adjudicating Authority. Hearing has been completed for two of these show cause notices in the year 2015 and orders have been reserved. ITC has challenged one of these show cause notices by way of a writ petition before the Calcutta High Court, and the same is pending. The other two show cause notices are yet to be heard by the Adjudicating Authority. Further, 6 prosecution cases were also initiated by the ED. Two of the prosecutions have been quashed by the Calcutta High Court, while quashing petitions for 4 cases are pending.
- (b) **Criminal Case pending before the Chief Metropolitan Magistrate, Mumbai**: A shareholder, by the name of Mr. Ravi Kumar Mehrotra, alleged that his shares in ITC have been fraudulently dematerialised in the year 2008 by some other individuals (Alleged Offenders) who have impersonated him by using false documents. In this connection, Mr. Mehrotra has filed a criminal case against the Alleged Offenders and has also made ITC a party in the same. The matter is pending before the Chief Metropolitan Magistrate, Esplanade Court, Mumbai.

ANY OTHER IMPORTANT INFORMATION OF ITC HOTELS LIMITED: NIL

DECLARATION BY THE COMPANY

We hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines / regulations issued by the Government of India or the guidelines / regulations issued by the SEBI established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the Disclosure Document is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or the rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all the statements in this Disclosure Document are true and correct.

For and on behalf of ITC Hotels Limited

Sd/-	Sd/-
C. Saboo	D. Dinesh
Chief Financial Officer	Manager & Company Secretary

Dated: 30th April, 2024

Place: Kolkata

SRBC & CO LLP
Chartered Accountants

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
Tel : +91 22 6819 8000

Independent Auditor's Certificate on the Statement of pre scheme and post scheme details of assets, liabilities, revenue and net worth of ITC Limited and ITC Hotels Limited as at March 31, 2023

To,
The Board of Directors
ITC Limited,
37, J.L. Nehru Road,
Kolkata – 700 071, India

1. This Certificate is issued in accordance with the terms of our service scope letter dated August 03, 2023 and master engagement agreement August 02, 2019 with ITC Limited (hereinafter the "Company").
2. The Board of Directors of the Company, at their meeting held on August 14, 2023 approved the proposed scheme of arrangement amongst the Company, ITC Hotels Limited and their respective shareholders and creditors (hereinafter the "Scheme"), in terms of the provisions of sections 230 to 232 and all other applicable provisions of the Companies Act, 2013 ("the Act") and SEBI Master Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 ('SEBI Master Circular').
3. At the request of the management, we have examined the accompanying Statement of pre scheme and post scheme details of assets, liabilities, revenue and net worth of ITC Limited ("Company" or the "Demerged Company") and ITC Hotels Limited ("Resulting Company") as at March 31, 2023 (hereinafter referred together as the "Statement") prepared by the management, which we have initialled for identification purposes only. The Statement together with our certificate thereon is required by the Company pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR') for onwards submission to the BSE Limited (BSE), Calcutta Stock Exchange Limited (CSE), National Stock Exchange of India Limited (NSE) (collectively referred as 'Stock exchanges'), Securities and Exchange Board of India (SEBI), National Company Law Tribunal (NCLT) and other regulatory authorities in connection with the Scheme.
4. The post scheme details of assets, liabilities and net worth are provisional and is prepared by the management to indicate the effect of the proposed demerger on the financial position / performance of the Demerged and Resulting Company respectively. The same will undergo changes on the Effective Date (as defined in the Scheme). The actual financial position/ performance, which may prevail after the Scheme becomes effective may vary, from the calculations as in the Statement.

Management's Responsibility

5. The accompanying Statement is the responsibility of the Management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
6. The Management is also responsible for ensuring that the Company complies with the relevant laws and regulations, including the applicable accounting standards as aforesaid and circulars issued under SEBI LODR and also provide relevant information to the NCLT and any other regulatory authority in connection with the Scheme.



SRBC & CO LLP, a Limited Liability Partnership with LLP Identity No. AAB-4318
Regd. Office : 22, Camac Street, Block 'B', 3rd Floor, Kolkata-700 016

SRBC & CO LLP

Chartered Accountants

Auditor's Responsibility

7. Pursuant to the requirements of the Scheme, it is our responsibility to provide a reasonable assurance in the form of an opinion based on our examination whether:
 - (i) the amounts that form part of pre scheme assets, liabilities, revenue and net worth as at March 31, 2023 of the Demerged Company have been accurately extracted from the books of account underlying the audited standalone Ind AS financial statements for the year ended March 31, 2023;
 - (ii) the amounts that form part of post scheme assets, liabilities, revenue and net worth of the Demerged Company and Resulting Company respectively have been accurately extracted from the books of account underlying the audited standalone Ind AS financial statements for the year ended March 31, 2023 after giving effect to the proposed accounting treatment as set out in Clause 19 of the Scheme; and
 - (iii) the computation of pre scheme and post scheme assets, liabilities, revenue and net worth of Demerged Company and Resulting Company respectively is arithmetically correct.
8. We audited the standalone Ind AS financial statements of the Company as at and for the financial year ended March 31, 2023 on which we issued an unmodified audit opinion vide our report dated May 18, 2023. Our audit of these financial statements were conducted in accordance with the Standards on Auditing, as specified under Section 143(10) of the Companies Act, 2013, as amended and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India ("ICAI"). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
9. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
10. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
11. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the applicable criteria as mentioned in paragraph 7 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the applicable criteria. Accordingly, we have performed the following procedures in relation to the Statement:
 - a) Traced and agreed the amounts in the computation of pre scheme assets, liabilities, revenue and net worth of the Demerged Company to the audited standalone Ind AS financial statements of the Company as at and for the year ended March 31, 2023;
 - b) We have obtained a copy of the Scheme as approved by the Board of Directors of the Company in their meeting held on August 14, 2023 proposed to be filed by the Company with the NCLT and other regulatory authorities. We have read the same and noted the impact of the proposed accounting treatment mentioned in Clause 19 of the Scheme. We have not performed any other procedures in this regard;



- c) Obtained the certificate of incorporation of Resulting Company dated July 28, 2023 as a wholly owned subsidiary of the Demerged Company for vesting of the Demerged Undertaking comprising of the Hotels Business on a going concern basis.
- d) Verified whether the amounts in the computation of post scheme assets, liabilities, revenue and net worth of the Demerged Company and Resulting Company respectively is accurately extracted from the books of account underlying the audited standalone Ind AS financial statements of the Company as at and for the year ended March 31, 2023 and is after considering the impact of proposed accounting treatment mentioned in Clause 19 of the Scheme. As represented to us by the management, the post scheme assets, liabilities and net worth calculation are provisional and will undergo changes on the Effective Date (as defined in the Scheme). The actual financial position / performance, which may prevail after the Scheme becomes effective, may vary from the provided calculations. We have not performed any other procedures in this regard;
- e) Tested the arithmetical and clerical accuracy of the Statement;
- f) Performed necessary inquiries with the management and obtained necessary representations.

Opinion

- 12. Based on the procedures performed by us as referred to in paragraph 11 above and according to the information, explanations and management representations received by us, we are of the opinion that:
 - i) the amounts that form part of pre scheme assets, liabilities, revenue and net worth as at March 31, 2023 of the Demerged Company have been accurately extracted from the books of account underlying the audited standalone Ind AS financial statements for the year ended March 31, 2023;
 - ii) the amounts that form part of post scheme assets, liabilities, revenue and net worth of the Demerged Company and Resulting Company respectively have been accurately extracted from the books of account underlying the audited standalone Ind AS financial statements for the year ended March 31, 2023 after giving effect to the proposed accounting treatment as set out in Clause 19 of the Scheme; and
 - iii) the computation of pre scheme and post scheme assets, liabilities, revenue and net worth of Demerged Company and Resulting Company respectively is arithmetically correct.



SRBC & CO LLP
Chartered Accountants

Restriction on Use

13. This certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose given in paragraph 3 above and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come. We have no responsibility to update this certificate for events and circumstances occurring after the date of this certificate.

For **SRBC & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003



per **Firoz Pradhan**

Partner

Membership Number: 109360

UDIN: 23109360BGYBII5807



Place of Signature: Kolkata

Date: August 30, 2023



ITC Limited
Virginia House
37 J. L. Nehru Road
Kolkata 700 071, India
Tel.: +91 33 22889371, 22889900
Fax : +91 33 22882256/2257/2259/2260

Details of assets, liabilities, revenue and net worth as at 31st March, 2023 of the companies involved in the scheme, both pre and post scheme in relation to the draft Scheme of Arrangement ("Scheme") between ITC Limited ("Demerged Company") and ITC Hotels Limited ("Resulting Company") and their respective shareholders and creditors under sections 230 to 232 and other applicable provisions of the Companies Act, 2013

ITC Limited

(₹ Crores)

Particulars	Pre Scheme	Post Scheme (Refer Note 4)
Property, plant and equipment, intangible assets (including capital work-in-progress, intangible assets under development), investment property and right of use assets	25,870.71	19,631.58
Financial Assets	43,197.30	42,637.36
Other Assets	13,193.73	12,918.70
Total Assets	82,261.74	75,187.64
Financial Liabilities	6,559.10	5,936.53
Other Liabilities	8,108.84	7,409.20
Total Liabilities	14,667.94	13,345.73
Equity Share capital	1,242.80	1,242.80
Reserves (Refer Note 2)	65,443.13	59,691.24
Net Worth	66,685.93	60,934.04
Gross Revenue from sale of products and services	69,480.89	66,907.67

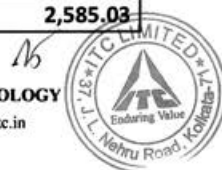
ITC Hotels Limited

(₹ Crores)

Particulars	Pre Scheme	Post Scheme (Refer Note 4)
Property, plant and equipment, intangible assets (including capital work-in-progress, intangible assets under development), investment property and right of use assets	Refer Note 1	6,239.13
Financial Assets		4,394.53
Other Assets		275.03
Total Assets		10,908.69
Financial Liabilities		622.57
Other Liabilities		699.64
Total Liabilities		1,322.21
Equity Share capital		207.50
Reserves (Refer Note 2)		9,378.98
Net Worth		9,586.48
Gross Revenue from sale of products and services (Refer Note 3)		2,585.03

SIGNED FOR IDENTIFICATION
BY
S R B C & CO LLP
MUMBAI

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ITC Limited
Virginia House
37 J. L. Nehru Road
Kolkata 700 071, India
Tel.: +91 33 22889371, 22889900
Fax : +91 33 22882256/2257/2259/2260

Notes:

1. The Resulting Company was incorporated on 28th July, 2023 as a wholly owned subsidiary of the Demerged Company for vesting of the Demerged Undertaking comprising of the Hotels Business on a going concern basis. The Demerged Company subscribed to Equity Shares of the Resulting Company amounting to ₹ 83 Crores on 5th August, 2023. Accordingly, the Resulting Company had no assets, liabilities, net-worth and revenue as on 31st March, 2023.

2. Net worth has been computed in terms of regulation 2(1)(s) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 read with sub-section (57) of section 2 of the Companies Act, 2013, which defines it as the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

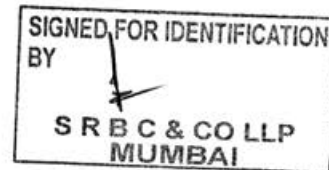
3. The 'Gross Revenue from sale of products and services' of Resulting Company includes inter segment revenue amounting to ₹ 11.81 Crores. This inter-segment revenue is eliminated in the standalone Ind AS financial statements of the Demerged Company.

4. The assets, liabilities and net worth of the Demerged and Resulting Companies have been calculated basis the Scheme and audited standalone financial statements of the Demerged Company as at 31st March, 2023. The calculations are provisional and prepared to indicate the effect of the proposed demerger on the financial position/ performance of the Demerged and the Resulting Companies. The same will undergo changes on the Effective Date (as defined in the Scheme). The actual financial position/ performance, which may prevail after the Scheme becomes effective may vary, from the above calculations.

For ITC Limited

Authorised Signatory

Date: 30th August, 2023



Independent Auditor's Certificate on the Statement of assets, liabilities, revenue and net worth of the demerged undertaking along with a write up on the history of the demerged undertaking

To,
The Board of Directors
ITC Limited,
37, J.L. Nehru Road,
Kolkata – 700 071, India

1. This Certificate is issued in accordance with the terms of our service scope letter dated August 03, 2023 and master engagement agreement August 02, 2019 with ITC Limited (hereinafter the "Company").
2. The Board of Directors of the Company at their meeting held on August 14, 2023 approved the proposed scheme of arrangement amongst the Company, ITC Hotels Limited and their respective shareholders and creditors (hereinafter the "Scheme"), in terms of the provisions of sections 230 to 232 and all other applicable provisions of the Companies Act, 2013 ("the Act") and SEBI Master Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 ("SEBI Master Circular").
3. At the request of the management, we have examined the accompanying Statement of assets, liabilities, revenue and net worth of Demerged Undertaking (as defined in the Scheme) (hereinafter referred as the "Statement") along with a write up on the history of the demerged undertaking prepared by the management, which we have initialled for identification purposes only. The Statement together with our certificate thereon is required by the Company pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") for onwards submission to the BSE Limited (BSE), Calcutta Stock Exchange Limited (CSE), National Stock Exchange of India Limited (NSE), Securities and Exchange Board of India (SEBI), National Company Law Tribunal (NCLT) and other regulatory authorities in connection with the Scheme.
4. The assets, liabilities and net worth of the Demerged Undertaking are provisional and will undergo changes on the Effective Date (as defined in the Scheme). The actual financial position/performance, which may prevail after the Scheme becomes effective may vary, from the calculations as in the Statement.

Management's Responsibility

5. The accompanying Statement is the responsibility of the Management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
6. The Management is also responsible for ensuring that the Company complies with the relevant laws and regulations, including the applicable accounting standards as aforesaid and circulars issued under SEBI LODR and also provide relevant information to the NCLT and any other regulatory authority in connection with the Scheme.



Auditor's Responsibility

7. Pursuant to the requirements of the Scheme, it is our responsibility to provide a reasonable assurance in the form of an opinion based on our examination whether:
 - (i) the amounts that form part of assets, liabilities, revenue and net worth of the Demerged Undertaking have been accurately extracted from the books of account underlying the audited standalone Ind AS financial statements for the year ended March 31, 2023 after giving effect to the proposed accounting treatment as set out in Clause 19.1 of the Scheme; and
 - (ii) the computation of assets, liabilities, revenue and net worth of Demerged Undertaking is arithmetically correct.
8. We audited the standalone Ind AS financial statements of the Company as at and for the financial year ended March 31, 2023 on which we issued an unmodified audit opinion vide our report dated May 18, 2023. Our audit of these financial statements were conducted in accordance with the Standards on Auditing, as specified under Section 143(10) of the Companies Act, 2013, as amended and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India ("ICAI"). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
9. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
10. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
11. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the applicable criteria as mentioned in paragraph 7 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the applicable criteria. Accordingly, we have performed the following procedures in relation to the Statement:
 - a) We have obtained a copy of the Scheme as approved by the Board of Directors of the Company in their meeting held on August 14, 2023, proposed to be filed by the Company with the NCLT and other regulatory authorities including SEBI and Stock exchanges. We have read the same and noted the impact of the proposed accounting treatment mentioned in Clause 19.1 of the Scheme and we have not performed any other procedures in this regard;
 - b) Verified whether the amounts in the computation of assets, liabilities, revenue and net worth is accurately extracted from the books of account underlying the audited standalone Ind AS financial statements of the Company as at and for the year ended March 31, 2023 and is after considering the impact of proposed accounting treatment mentioned in Clause 19.1 of the Scheme. As represented to us by the management, the assets, liabilities and net worth calculation of the Demerged Undertaking are provisional and will undergo changes on the Effective Date (as defined in the Scheme). The actual financial position / performance, which may prevail after the Scheme becomes effective, may vary from the provided calculations. We have not performed any other procedures in this regard;
 - c) Tested the arithmetical and clerical accuracy of the Statement;



SRBC & CO LLP

Chartered Accountants

d) Obtained and read an overview of Company's Hotels Business (Demerged Undertaking) as prepared by the management. Verified whether the information on the history of the said business is consistent to the underlying documents available on the Company's website and have tested the arithmetical and clerical accuracy of the information, where applicable. We have not performed any other procedures in this regard.

e) Performed necessary inquiries with the management and obtained necessary representations.

Opinion

12. Based on the procedures performed by us as referred to in paragraph 11 above and according to the information, explanations and management representations received by us, we are of the opinion that:

- i) the amounts that form part of assets, liabilities, revenue and net worth of the Demerged Undertaking have been accurately extracted from the books of account underlying the audited standalone Ind AS financial statements for the year ended March 31, 2023 after giving effect to the proposed accounting treatment as set out in Clause 19.1 of the Scheme; and
- ii) the computation of assets, liabilities, revenue and net worth of Demerged Undertaking is arithmetically correct.

Restriction on Use

13. This certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose given in paragraph 3 above and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come. We have no responsibility to update this certificate for events and circumstances occurring after the date of this certificate.

For **SRBC & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003



per **Firoz Pradhan**

Partner

Membership Number: 109360

UDIN: 23109360BGYBIJ6557

Place of Signature: Kolkata

Date: August 30, 2023





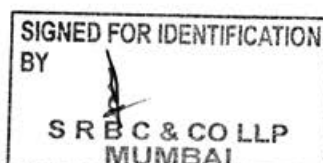
ITC Limited
Virginia House
37 J. L. Nehru Road
Kolkata 700 071, India
Tel.: +91 33 22889371, 22889900
Fax : +91 33 22882256/2257/2259/2260

Assets, liability, revenue and net worth of the demerged undertaking along with a write up on the history of the demerged undertaking in relation to the draft Scheme of Arrangement ("Scheme") between ITC Limited ("Demerged Company") and ITC Hotels Limited ("Resulting Company") and their respective shareholders and creditors under sections 230 to 232 and other applicable provisions of the Companies Act, 2013

Particulars	Amount (₹ Crores) (Refer Note 3)
Property, plant and equipment, intangible assets (including capital work-in-progress, intangible assets under development), investment property and right of use assets	6,239.13
Financial Assets	4,394.53
Other Assets	275.03
Total Assets	10,908.69
Financial Liabilities	622.57
Other Liabilities	699.64
Total Liabilities	1,322.21
Net Worth (Refer Note 1)	9,586.48
Gross Revenue from sale of products and services (Refer Note 2)	2,585.03

Notes:

1. Net worth has been computed in terms of regulation 2(1)(s) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 read with sub-section (57) of section 2 of the Companies Act, 2013, which defines it as the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
2. The 'Gross Revenue from sale of products and services' of Demerged Undertaking includes inter segment revenue amounting to ₹ 11.81 Crores. This inter-segment revenue is eliminated in the standalone Ind AS financial statements of the Demerged Company.
3. The assets, liabilities and net worth of the Demerged Undertaking have been calculated basis the Scheme and audited standalone financial statements of the Demerged Company as at 31st March, 2023. The calculations are provisional and will undergo changes on the Effective Date (as defined in the Scheme). The actual financial position/ performance, which may prevail after the Scheme becomes effective may vary, from the above calculations.



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AN OVERVIEW OF ITC's HOTELS BUSINESS ('DEMERGED UNDERTAKING')

The Company's foray into the Hotels business commenced with the opening of its first luxury hotel in 1975, followed by addition of several iconic properties across major cities in subsequent years. In 1984, the Company acquired Vishwarama Hotels Ltd. (which was renamed as 'ITC Hotels Ltd.' in 1986). ITC Hotels was subsequently listed on stock exchanges in 1993.

Till 2004, the ownership of the Hotels business was split between the Company, ITC Hotels and other subsidiaries/ group companies, with hotels that were owned by the Company or other subsidiaries/ group companies largely being managed by or licensed to ITC Hotels.

With effect from 1st April 2004, ITC Hotels and Ansal Hotels Ltd. (then a subsidiary of the Company) were amalgamated with the Company with a view to consolidate the hospitality business of ITC group, scale up the business in line with the attractive growth prospects of the Indian Travel & Tourism industry, obtain fiscal efficiencies and rationalise operating costs.

Over the last two decades, the Hotels Business has scaled up significantly in terms of room inventory, Revenue and Profits, and has established itself as a pioneer in green hoteliering anchored on its 'Responsible Luxury' ethos.

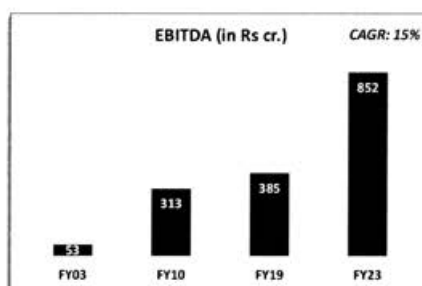
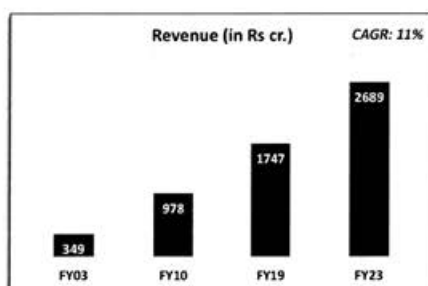
With its world-class properties, iconic cuisine brands and unparalleled service standards, the Business today ranks amongst the fastest growing hospitality chains in the country with marquee brands viz., 'ITC Hotels' in the Luxury segment, 'Welcomhotel' in the Premium segment, 'Fortune' in the Mid-market to Upper-upscale segment and 'WelcomHeritage' in the Leisure & Heritage segment.

Having achieved considerable scale and market standing, the Hotels Business pivoted to an 'asset-right' strategy in 2017 which envisages a substantial part of incremental room additions to accrue through management contracts. In this context, it is pertinent to note that the Hotels Business has recently launched two new brands viz., 'Mementos' and 'Storii', besides refreshing the Welcomhotel brand with a distinctive positioning in its operating segment.

Further, as a testament to the ethos of Responsible Luxury of the Hotels Business, all major hotel properties are LEED Platinum certified, making the Hotels Business a trailblazer in green hoteliering globally. ITC Grand Chola, the 600-key super-premium luxury hotel complex in Chennai, is amongst the world's largest LEED Platinum certified green hotels. In 2020, ITC Windsor's best practices on carbon management distinguished it as the first hotel in the world to be LEED Zero Carbon certified. Since then, 11 more ITC Hotels have been certified as LEED Zero Carbon; consequently, the first 12 hotels in the world to be LEED Zero Carbon certified are from the Hotels Business. Further, ITC Mughal became the first hotel globally to be awarded the LEED Zero Water Certification by the U.S. Green Building Council (USGBC), followed by ITC Sonar, which is the second hotel to be awarded the certification globally.

The Hotels Business is witnessing strong interest amongst property owners in partnering with the Company. Today, ITC Hotels group is a preeminent hospitality chain in India with over 120 hotels, comprising more than 11,600 rooms across 70 destinations.

Snapshot of Consolidated Segment Financials of Hotels Business:

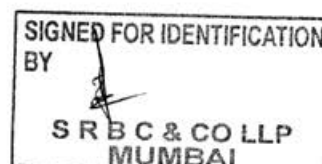


For ITC Limited

T. P. Shetty

Authorised Signatory

Date: 30th August, 2023



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**Independent Auditor's Certificate on the Statement of Computation of pre scheme and post
scheme net worth of ITC Limited as at March 31, 2023**

To,
The Board of Directors
ITC Limited,
37, J.L. Nehru Road,
Kolkata – 700 071, India

1. This Certificate is issued in accordance with the terms of our service scope letter dated August 03, 2023 and master engagement agreement August 02, 2019 with ITC Limited (hereinafter the "Company").
2. The Board of Directors of the Company, at their meeting held on August 14, 2023 approved the proposed scheme of arrangement amongst the Company, ITC Hotels Limited and their respective shareholders and creditors (hereinafter the "Scheme"), in terms of the provisions of sections 230 to 232 and all other applicable provisions of the Companies Act, 2013 ("the Act") and SEBI Master Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 ('SEBI Master Circular').
3. At the request of the management, we have examined the accompanying Statement of Computation of pre scheme and post scheme net worth of ITC Limited ("Company" or the "Demerged Company") as at March 31, 2023 (hereinafter referred together as the "Statement") prepared by the management, which we have initialled for identification purposes only. The Statement together with our certificate thereon is required by the Company pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR') for onwards submission to the BSE Limited (BSE), Calcutta Stock Exchange Limited (CSE), National Stock Exchange of India Limited (NSE) (collectively referred as 'Stock exchanges'), Securities and Exchange Board of India (SEBI), National Company Law Tribunal (NCLT) and other regulatory authorities in connection with the Scheme.
4. The post scheme net worth is provisional and will undergo changes on the Effective Date (as defined in the Scheme) as per the position of assets and liabilities of the Demerged Undertaking (as defined in the Scheme) and accounting requirements in accordance with applicable accounting standards prescribed under section 133 of the Act read together with Rule 3 of the Companies (Indian Accounting Standards) Amendment Rules, 2015, as amended (hereinafter referred as 'applicable Ind AS').

Management's Responsibility

5. The accompanying Statement is the responsibility of the Management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
6. The Management is also responsible for ensuring that the Company complies with the relevant laws and regulations, including the applicable accounting standards as aforesaid and circulars issued under SEBI LODR and also provide relevant information to the NCLT and any other regulatory authority in connection with the Scheme.



Auditor's Responsibility

7. Pursuant to the requirements of the Scheme, it is our responsibility to provide a reasonable assurance in the form of an opinion based on our examination whether:
 - (i) the amounts that form part of pre scheme net worth as at March 31, 2023 have been accurately extracted from the books of account underlying the audited standalone Ind AS financial statements for the year ended March 31, 2023;
 - (ii) the amounts that form part of post scheme net worth have been accurately extracted from the books of account underlying the audited standalone Ind AS financial statements for the year ended March 31, 2023 after giving effect to the proposed accounting treatment as set out in Clause 19.1 of the Scheme; and
 - (iii) the computation of pre scheme and post scheme net worth is arithmetically correct and is in accordance with the method of computation set out in the regulation 2(1)(s) of SEBI LODR read with sub-section (57) of section 2 of the Act.
8. We audited the standalone Ind AS financial statements of the Company as at and for the financial year ended March 31, 2023 on which we issued an unmodified audit opinion vide our report dated May 18, 2023. Our audit of these financial statements were conducted in accordance with the Standards on Auditing, as specified under Section 143(10) of the Companies Act, 2013, as amended and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India ("ICAI"). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
9. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
10. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
11. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the applicable criteria as mentioned in paragraph 7 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the applicable criteria. Accordingly, we have performed the following procedures in relation to the Statement:
 - a) Traced and agreed the amounts in the computation of pre scheme net worth to the audited standalone Ind AS financial statements of the Company as at and for the year ended March 31, 2023;
 - b) We have obtained a copy of the Scheme as approved by the Board of Directors of the Company in their meeting held on August 14, 2023, proposed to be filed by the Company with the NCLT and other regulatory authorities. We have read the same and noted the impact of the proposed accounting treatment mentioned in Clause 19.1 of the Scheme. We have not performed any other procedures in this regard;



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- c) Verified whether the amounts in the computation of post scheme provisional net worth is accurately extracted from the books of account underlying the audited standalone Ind AS financial statements of the Company as at and for the year ended March 31, 2023 and is after considering the impact of proposed accounting treatment mentioned in Clause 19.1 of the Scheme. As represented to us by the management, the post scheme net worth calculation is provisional and will undergo changes on the Effective Date (as defined in the Scheme) as per the position of assets and liabilities of the Demerged Undertaking (as defined in the Scheme) and accounting requirements in accordance with applicable Ind AS. The actual financial position, which may prevail after the Scheme becomes effective, may vary from the provided calculations. We have not performed any other procedures in this regard;
- d) Verified whether the method of computation of pre scheme and post scheme net worth in the Statement is in accordance with the method of computation as set out in the regulation 2(1)(s) of SEBI LODR read with sub-section (57) of section 2 of the Act;
- e) Tested the arithmetical and clerical accuracy of the Statement;
- f) Performed necessary inquires with the management and obtained necessary representations.

Opinion

- 12. Based on the procedures performed by us as referred to in paragraph 11 above and according to the information, explanations and management representations received by us, we are of the opinion that:
 - i) the amounts that form part of pre scheme net worth as at March 31, 2023 have been accurately extracted from the books of account underlying the audited standalone Ind AS financial statements for the year ended March 31, 2023;
 - ii) the amounts that form part of post scheme net worth have been accurately extracted from the books of account underlying the audited standalone Ind AS financial statements for the year ended March 31, 2023 after giving effect to the proposed accounting treatment as set out in Clause 19.1 of the Scheme; and
 - iii) the computation of pre scheme and post scheme provisional net worth is arithmetically correct and is in accordance with the method of computation set out in the regulation 2(1)(s) of SEBI LODR read with sub-section (57) of section 2 of the Act.



S R B C & CO LLP

Chartered Accountants

Restriction on Use

13. This certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose given in paragraph 3 above and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come. We have no responsibility to update this certificate for events and circumstances occurring after the date of this certificate.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003



per **Firoz Pradhan**

Partner

Membership Number: 109360

UDIN: 23109360BGYBIH6290

Place of Signature: Kolkata

Date: August 30, 2023





ITC Limited
Virginia House
37 J. L. Nehru Road
Kolkata 700 071, India
Tel.: +91 33 22889371, 22889900
Fax : +91 33 22882256/2257/2259/2260

Computation of pre scheme and post scheme net worth of ITC Limited as at 31st March, 2023 in relation to the draft Scheme of Arrangement ("Scheme") between ITC Limited ("Demerged Company") and ITC Hotels Limited ("Resulting Company") and their respective shareholders and creditors under sections 230 to 232 and other applicable provisions of the Companies Act, 2013

Particulars	Amount (₹ Crores)
Equity Share capital	1,242.80
Add: Reserves (Refer Note 2)	
- Securities Premium	13,065.62
- Contingency Reserve	363.05
- General Reserve	17,585.31
- Share Option Outstanding Account	741.45
- Retained Earnings	33,687.70
Net Worth as at 31st March, 2023 (Pre Scheme)	66,685.93
Less: Adjustment for the effects of proposed demerger based on the Scheme (Refer Note 1)	(5,751.89)
Net Worth as at 31st March, 2023 (Post Scheme)	60,934.04

Notes:

1. Adjustment for the effects of proposed demerger based on the Scheme

Particulars	Amount (₹ Crores)
Book Value of assets of the Demerged Undertaking as at 31st March, 2023	10,908.69
Less: Book Value of liabilities of the Demerged Undertaking as at 31st March, 2023	1,322.21
Net Assets of the Demerged Undertaking as at 31st March, 2023	9,586.48
Less: Estimated value of investment held by Demerged Company (basis 40% shareholding) in the Resulting Company as per Clause 19.1.2 of the Scheme	(3,834.59)
Effect of proposed demerger on the Net Worth of the Demerged Company	5,751.89

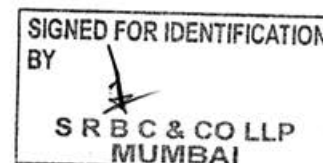
2. Net worth has been computed in terms of regulation 2(1)(s) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 read with sub-section (57) of section 2 of the Companies Act, 2013, which defines it as the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

3. The net worth of the Demerged Undertaking has been calculated basis the Scheme and audited standalone financial statements of the Demerged Company as at 31st March, 2023. The net worth calculations are provisional and prepared to indicate the effect of the proposed demerger on the net worth of the Demerged Company. The same will undergo changes on the Effective Date (as defined in the Scheme) as per the position of assets and liabilities of the Demerged Undertaking and accounting requirements in accordance with applicable Ind AS. The actual financial position, which may prevail after the Scheme becomes effective, may vary from the above calculations.

For ITC Limited

Authorised Signatory

Date: 30th August, 2023



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Visit us at www.itcportal.com • Corporate Identity Number : L16005WB1910PLC001985 • e-mail: enduringvalue@itc.in

**Independent Auditor's Certificate on the Statement of Computation of pre scheme and post scheme net worth
of ITC Hotels Limited as at March 31, 2023**

To,
The Board of Directors
ITC Hotels Limited,
37, J.L. Nehru Road,
Kolkata – 700071, India

1. This Certificate is issued in accordance with the terms of our service scope letter dated August 14, 2023 and master engagement agreement August 14, 2023 with ITC Hotels Limited (hereinafter the "Company").
2. The Board of Directors of the Company, at their meeting held on August 14, 2023 approved the proposed scheme of arrangement amongst the Company, ITC Limited and their respective shareholders and creditors (hereinafter the "Scheme"), in terms of the provisions of sections 230 to 232 and all other applicable provisions of the Companies Act, 2013 ("the Act").
3. At the request of the management, we have examined the accompanying Statement of Computation of pre scheme and post scheme net worth of ITC Hotels Limited ("Company" or the "Resulting Company") as at March 31, 2023 (hereinafter referred as the "Statement") prepared by the management, which we have initialed for identification purposes only. The Statement together with our certificate thereon is required by the Company for submission to ITC Limited ('ITC' or 'Holding Company'), for their onward submission to the BSE Limited (BSE), Calcutta Stock Exchange Limited (CSE), National Stock Exchange of India Limited (NSE) (collectively referred to as 'Stock Exchanges'), Securities and Exchange Board of India (SEBI), National Company Law Tribunal (NCLT) and other regulatory authorities in connection with the Scheme.
4. The post scheme net worth is provisional and will undergo changes on the Effective Date (as defined in the Scheme) as per the position of assets and liabilities of the Demerged Undertaking (as defined in the Scheme) and accounting requirements in accordance with applicable accounting standards prescribed under section 133 of the Act read together with Rule 3 of the Companies (Indian Accounting Standards) Amendment Rules, 2015, as amended (hereinafter referred as 'applicable Ind AS').

Management's Responsibility

5. The accompanying Statement is the responsibility of the Management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
6. The Management is also responsible for ensuring that the Company complies with the relevant laws and regulations, including the applicable accounting standards as aforesaid and also provide relevant information to the NCLT and any other regulatory authority in connection with the Scheme.

Auditor's Responsibility

7. Pursuant to the requirements of the Scheme, it is our responsibility to provide a reasonable assurance in the form of an opinion based on our examination whether:
 - (i) the amounts that form part of pre scheme net worth as at March 31, 2023 have been accurately extracted from the relevant information provided by the Holding Company for the year ended March 31, 2023;



S.R. BATLIBOI & CO. LLP

Chartered Accountants

- (ii) the amounts that form part of post scheme net worth have been accurately extracted from the relevant information provided by the Holding Company for the year ended March 31, 2023 after giving effect to the proposed accounting treatment as set out in Clause 19.2 of the Scheme; and
 - (iii) the computation of pre scheme and post scheme net worth is arithmetically correct and is in accordance with the method of computation set out in the regulation 2(1)(s) of SEBI LODR read with sub-section (57) of section 2 of the Act.
8. The standalone Ind AS financial statements of the Holding Company as at and for the financial year ended March 31, 2023 is audited by S R B C & CO LLP, Chartered Accountants, on which an unmodified audit opinion is issued vide report dated May 18, 2023. Audit of these financial statements were conducted in accordance with the Standards on Auditing, as specified under Section 143(10) of the Companies Act, 2013, as amended and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India ("ICAI"). Those Standards require to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
9. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
10. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
11. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the applicable criteria as mentioned in paragraph 7 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the applicable criteria. Accordingly, we have performed the following procedures in relation to the Statement:
- a) We have obtained a copy of the Scheme as approved by the Board of Directors of the Company in their meeting held on August 14, 2023, proposed to be filed by the Company with the NCLT and other regulatory authorities. We have read the same and noted the impact of the proposed accounting treatment mentioned in Clause 19.2 of the Scheme. We have not performed any other procedures in this regard;
 - b) Obtained the certificate of incorporation of the Company dated July 28, 2023 as a wholly owned subsidiary of the Holding Company for vesting of the Demerged Undertaking (as defined in the Scheme) comprising of the Hotels Business on a going concern basis.
 - c) Verified whether the amounts in the computation of post scheme net worth is accurately extracted from the relevant information provided by the Holding Company which is extracted from the audited standalone Ind AS financial statements of the Holding Company as at and for the year ended March 31, 2023 and is after considering the impact of proposed accounting treatment mentioned in Clause 19.2 of the Scheme. As represented to us by the management, the post scheme net worth calculation is provisional and will undergo changes on the Effective Date (as defined in the Scheme) as per the position of assets and liabilities of the Demerged Undertaking (as defined in the Scheme) and accounting requirements in accordance with applicable Ind AS. The actual financial position, which may prevail after the Scheme becomes effective, may vary from the provided calculations. We have not performed any other procedures in this regard;
 - d) Verified whether the method of computation of pre scheme and post scheme net worth in the Statement is in accordance with the method of computation as set out in the regulation 2(1)(s) of SEBI LODR read with sub-section (57) of section 2 of the Act;
 - e) Tested the arithmetical and clerical accuracy of the Statement;
 - f) Performed necessary inquiries with the management and obtained necessary representations.



S.R. BATLIBOI & CO. LLP

Chartered Accountants

Opinion

12. Based on the procedures performed by us as referred to in paragraph 11 above and according to the information, explanations and management representations received by us, we are of the opinion that:

- i) the Company does not have pre scheme net worth as at March 31, 2023 due to the reasons explained in Note 1 of the Statement;
- ii) the amounts that form part of post scheme net worth have been accurately extracted from the relevant information provided by the Holding Company for the year ended March 31, 2023 after giving effect to the proposed accounting treatment as set out in Clause 19.2 of the Scheme; and
- iii) the computation of pre scheme and post scheme net worth is arithmetically correct and is in accordance with the method of computation set out in the regulation 2(1)(s) of SEBI LODR read with sub-section (57) of section 2 of the Act.

Restriction on Use

13. This certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose given in paragraph 3 above and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come. We have no responsibility to update this certificate for events and circumstances occurring after the date of this certificate.

For S.R. Batliboi & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005



per Sanjay Vij
Partner
Membership Number: 095169

UDIN: 23095169BGYABJ7108

Place of Signature: Gurugram
Date: August 30, 2023

ITC HOTELS LIMITED

Registered Office: Virginia House, 37, J. L. Nehru Road, Kolkata – 700 071
Phone: 033-22889371 • CIN: U55101WB2023PLC263914 • e-mail: itchotelslimited@yahoo.com

Computation of pre scheme and post scheme net worth of ITC Hotels Limited as at 31st March, 2023 in relation to the draft Scheme of Arrangement ("Scheme") between ITC Limited ("Demerged Company") and ITC Hotels Limited ("Resulting Company") and their respective shareholders and creditors under sections 230 to 232 and other applicable provisions of the Companies Act, 2013

Particulars	Amount (₹ Crores)
Net Worth as at 31st March, 2023 (Pre Scheme) [Refer Note 1]	-
Less: Adjustment for the effects of proposed demerger based on the Scheme (Refer Note 2)	9,586.48
Net Worth as at 31st March, 2023 (Post Scheme)	9,586.48

Notes:

1. The Resulting Company was incorporated on 28th July, 2023 as a wholly owned subsidiary of the Demerged Company for vesting of the Demerged Undertaking comprising of the Hotels Business on a going concern basis. The Demerged Company subscribed to Equity Shares of the Resulting Company amounting to ₹ 83 Crores on 5th August, 2023. Accordingly, the Resulting Company had no net-worth as on 31st March, 2023.

2. Adjustment for the effects of proposed demerger based on the Scheme

Particulars	Amount (₹ Crores)
Book Value of assets of the Demerged Undertaking as at 31st March, 2023	10,908.69
Less: Book Value of liabilities of the Demerged Undertaking as at 31st March, 2023	1,322.21
Net Assets of the Demerged Undertaking as at 31st March, 2023	9,586.48

3. Net worth has been computed in terms of regulation 2(1)(s) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 read with sub-section (57) of section 2 of the Companies Act, 2013, which defines it as the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.


4. The net worth of the Demerged Undertaking has been calculated basis the relevant information provided by the Demerged Company which is extracted from the audited standalone financial statements of the Demerged Company as at 31st March, 2023; prepared in accordance with the Scheme. The net worth calculations are provisional and prepared to indicate the effect of the proposed demerger on the net worth of the Resulting Company. The same will undergo changes on the Effective Date (as defined in the Scheme) as per the position of assets and liabilities of the Demerged Undertaking and accounting requirements in accordance with applicable Ind AS. The actual financial position, which may prevail after the Scheme becomes effective, may vary from the above calculations.

For ITC Hotels Limited


Authorised Signatory

Date: 30th August, 2023



S.R. Batliboi & Co. LLP, Gurugram
for Identification 

(WHOLLY OWNED SUBSIDIARY OF ITC LTD.)

Independent Auditor's Certificate on the Statement of Net worth, Revenue and Profit after Tax of the Demerged Undertaking as a percentage to the total Net worth, total Revenue and total Profit after Tax of ITC Limited as at and for the years ended March 31, 2023, March 31, 2022 and March 31, 2021

To,
The Board of Directors
ITC Limited,
37, J.L. Nehru Road,
Kolkata – 700 071, India

1. This Certificate is issued in accordance with the terms of our service scope letter dated August 03, 2023 and master engagement agreement August 02, 2019 with ITC Limited (hereinafter the "Company").
2. The Board of Directors of the Company, at their meeting held on August 14, 2023 approved the proposed scheme of arrangement amongst the Company, ITC Hotels Limited and their respective shareholders and creditors (hereinafter the "Scheme"), in terms of the provisions of sections 230 to 232 and all other applicable provisions of the Companies Act, 2013 ("the Act") and SEBI Master Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 ("SEBI Master Circular").
3. At the request of the management, we have examined the accompanying Statement of Net worth, Revenue and Profit after Tax of the Demerged Undertaking (as defined in the Scheme) as a percentage to the total Net worth, total Revenue and total Profit after Tax of the Company as at and for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 (hereinafter referred as the "Statement") prepared by the management, which we have initialled for identification purposes only. The Statement together with our certificate thereon is required by the Company pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") for onwards submission to the BSE Limited (BSE), Calcutta Stock Exchange Limited (CSE), National Stock Exchange of India Limited (NSE), Securities and Exchange Board of India (SEBI), National Company Law Tribunal (NCLT) and other regulatory authorities in connection with the Scheme.

Management's Responsibility

4. The accompanying Statement is the responsibility of the Management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
5. The Management is also responsible for ensuring that the Company complies with the relevant laws and regulations, including the applicable accounting standards as aforesaid and circulars issued under SEBI LODR and also provide relevant information to the NCLT and any other regulatory authority in connection with the Scheme.

Auditor's Responsibility

6. Pursuant to the requirements of the Scheme, it is our responsibility to provide a reasonable assurance in the form of an opinion based on our examination whether:
 - (i) the amounts that form part of net worth, revenue and profit after tax of the Demerged Undertaking as at and for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 have been accurately extracted from the books of account underlying the audited standalone Ind AS financial statements of the Company for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 respectively;



SRBC & CO LLP
Chartered Accountants

- (ii) the amounts that form part of net worth, revenue and profit after tax of the Company as at and for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 have been accurately extracted from the books of account underlying the audited standalone Ind AS financial statements of the Company for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 respectively; and
 - (iii) the amounts that form part of net worth, revenue and profit after tax of other divisions of the Company as at and for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 have been accurately extracted from the books of account underlying the audited standalone Ind AS financial statements of the Company for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 respectively; and
 - (iv) the percentage of net worth, revenue and profit after tax of Demerged Undertaking and other divisions to the total net worth, total revenue and total profit after tax of the Company for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 is arithmetically correct.
7. We audited the standalone Ind AS financial statements of the Company as at and for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 on which we issued an unmodified audit opinion vide our reports dated May 18, 2023, May 18, 2022 and June 01, 2021 respectively. Our audit of these financial statements were conducted in accordance with the Standards on Auditing, as specified under Section 143(10) of the Companies Act, 2013, as amended and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India ("ICAI"). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
8. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
9. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
10. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the applicable criteria as mentioned in paragraph 6 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the applicable criteria. Accordingly, we have performed the following procedures in relation to the Statement:
- a) We have obtained a copy of the Scheme as approved by the Board of Directors of the Company in their meeting held on August 14, 2023, proposed to be filed by the Company with the NCLT and other regulatory authorities including SEBI and Stock exchanges.
 - b) Traced and agreed the amounts of Demerged Undertaking in the attached Statement in relation to Net worth, Revenue and Profit after Tax to the books of account underlying the audited standalone Ind AS financial statements of the Company for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 respectively;
 - c) Traced and agreed the amounts of other divisions of the Company in the attached Statement in relation to Net worth, Revenue and Profit after Tax to the books of account underlying the audited standalone Ind AS financial statements of the Company for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 respectively;
 - d) Traced and agreed the amounts of Company in the attached Statement in relation to Net worth, Revenue and Profit after Tax to the books of account underlying the audited standalone Ind AS financial statements of the Company for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 respectively;



S R B C & CO LLP

Chartered Accountants

- e) Verified the percentage of Net worth, Revenue and Profit after Tax of Demerged Undertaking and other divisions to the total Net worth, Revenue and Profit after Tax of the Company as at and for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021.
- f) Tested the arithmetical and clerical accuracy of the Statement;
- g) Performed necessary inquiries with the management and obtained necessary representations.

Opinion

11. Based on the procedures performed by us as referred to in paragraph 10 above and according to the information, explanations and management representations received by us, we are of the opinion that:
- i) the amounts that form part of net worth, revenue and profit after tax of the Demerged Undertaking as at and for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 have been accurately extracted from the books of account underlying the audited standalone Ind AS financial statements of the Company for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 respectively;
 - ii) the amounts that form part of net worth, revenue and profit after tax of the Company as at and for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 have been accurately extracted from the books of account underlying the audited standalone Ind AS financial statements of the Company for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 respectively; and
 - iii) the amounts that form part of net worth, revenue and profit after tax of other divisions of the Company as at and for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 have been accurately extracted from the books of account underlying the audited standalone Ind AS financial statements of the Company for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 respectively; and
 - iv) the percentage of net worth, revenue and profit after tax of Demerged Undertaking and other divisions to the total net worth, total revenue and total profit after tax of the Company for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 is arithmetically correct.


Restriction on Use

12. This certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose given in paragraph 3 above and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come. We have no responsibility to update this certificate for events and circumstances occurring after the date of this certificate.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003


per **Firoz Pradhan**

Partner

Membership Number: 109360

UDIN: 23109360BGYBIK2290

Place of Signature: Kolkata

Date: August 30, 2023





ITC Limited
Virginia House
37 J. L. Nehru Road
Kolkata 700 071, India
Tel.: +91 33 22889371, 22889900
Fax : +91 33 22882256/2257/2259/2260

Statement of Net worth, Revenue and Profit after Tax of the Demerged Undertaking as a percentage to the total Net worth, total Revenue and total Profit after Tax of the Demerged Company as at and for the years ended 31st March, 2023, 31st March, 2022 and 31st March, 2021 in relation to the draft Scheme of Arrangement ("Scheme") between ITC Limited ("Demerged Company") and ITC Hotels Limited ("Resulting Company") and their respective shareholders and creditors under sections 230 to 232 and other applicable provisions of the Companies Act, 2013

Particulars	Financial Year	Net Worth (₹ Crores)	% of Total	Gross Revenue from sale of products and services (₹ Crores)	% of Total	Profit after tax* (₹ Crores)	% of Total
Demerged Undertaking	2020-21	8,814.74	15%	627.51	1%	(400.28)	NA
	2021-22	9,250.21	15%	1,285.00	2%	(137.01)	NA
	2022-23	9,586.48	14%	2,585.03	4%	405.51	2%
Other Divisions of the Demerged Company	2020-21	49,893.29	85%	47,527.67	99%	13,431.96	103%
	2021-22	51,295.34	85%	57,821.76	98%	15,194.84	101%
	2022-23	57,099.45	86%	66,907.67	96%	18,347.80	98%
Total	2020-21	58,708.03	100%	48,151.26	100%	13,031.68	100%
	2021-22	60,545.55	100%	59,101.09	100%	15,057.83	100%
	2022-23	66,685.93	100%	69,480.89	100%	18,753.31	100%

* Profit after tax has been calculated based on tax rate of 25.168% (22% + surcharge @10% and cess @4%) being the corporate tax rate applicable on taxable profits under the Income-tax Act, 1961.

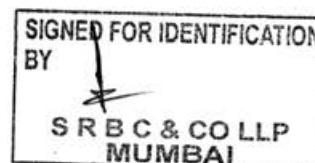
Notes:

1. Net worth has been computed in terms of regulation 2(1)(s) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 read with sub-section (57) of section 2 of the Companies Act, 2013, which defines it as the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
2. The 'Gross Revenue from sale of products and services' of Demerged Undertaking includes inter segment revenue amounting to ₹ 11.81 Crores, ₹ 5.67 Crores, ₹ 3.92 Crores for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 respectively. This inter-segment revenue is eliminated in the standalone Ind AS financial statements of the Demerged Company in the respective years.
3. Financials for FY 2020-21 and FY 2021-22 were impacted by unprecedented disruptions in certain operating segments of the Demerged Company due to COVID 19 pandemic. Accordingly, Profit after Tax for Demerged Undertaking as a percentage to total Profit after Tax for the Demerged Company has not been computed for the said years.
4. The net worth of the Demerged Undertaking has been calculated basis the draft Scheme and audited standalone financial statements of the Demerged Company as at 31st March, 2023.

For ITC Limited

Authorised Signatory

Date: 30th August, 2023



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20th December, 2023

The Deputy Manager
National Stock Exchange of India Ltd. ('NSE')
Exchange Plaza, Plot No. C-1, G Block
Bandra-Kurla Complex, Bandra (East)
Mumbai 400 051

Attn: Ms. Flora Matmari, Deputy Manager

Dear Madam,

Sub: Proposed Scheme of Arrangement ("Scheme") amongst ITC Limited ("ITC" or "the Company"), ITC Hotels Limited ("ITC Hotels"), and their respective shareholders and creditors in accordance with Sections 230 to 232 read with other applicable provisions of the Companies Act, 2013

Reference e-mail received from NSE on 13th December, 2023, we hereby submit our response to your queries in seriatim, as follows:

A. Basis for 40% shareholding by ITC Ltd. as a promoter in ITC Hotels Ltd. along with detailed rationale.

Background of the Scheme

- On August 14, 2023, the Board of directors of ITC approved the demerger of the Hotels Business (*as defined in the Scheme*) of ITC to its wholly owned subsidiary, ITC Hotels, which would be listed on the National Stock Exchange and Bombay Stock Exchange post the Scheme becoming effective.
- As a consideration for demerger, ITC Hotels will issue equity shares directly to the shareholders of ITC in a manner that approx. 60% stake will be held directly by ITC shareholders proportionate to their shareholding in ITC and remaining approx. 40% stake will continue to be held by ITC. Accordingly, ITC shareholders will continue to hold 100% beneficial economic interest of ITC Hotels/Hotels Business, i.e. ~60% directly and balance of ~40% through their shareholding in ITC.
- In the above context, it may be noted that the Earnings Before Interest & Tax ('EBIT') of ITC's Hotels Business constitutes about 2% of the total Segment EBIT of ITC.

Rationale for demerger of ITC's Hotels business

ITC's Hotels Business has matured over the years and is well poised to chart its own growth path and operate as a separate listed entity in the fast-growing hospitality industry whilst continuing to leverage ITC's institutional strengths, strong brand equity and goodwill. Therefore, it has been proposed to demerge the Hotels Business into ITC Hotels—a wholly owned subsidiary of ITC, under a Scheme of Arrangement. The proposed Scheme would be in the best interests of both the companies and their respective shareholders, employees, creditors and other stakeholders for the following reasons:

- The confluence of favourable factors such as rising societal aspirations, strong macro-economic fundamentals of the country, Government of India's thrust on the Travel & Tourism industry and infrastructure creation along with rapid digitalization present immense opportunities for the Hotels Business going forward, though distinct from the other businesses of ITC.

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- In light of the distinctive profile of the hospitality industry, housing the Hotels Business in a separate listed entity would enable crafting of the next horizon of growth and sustained value creation for shareholders through sharper focus on the business anchored on a differentiated strategy aligned with industry specific market dynamics.
- ITC Hotels as a newly incorporated entity would operate with an optimal capital structure, with the ability to raise capital from equity and debt markets towards funding its growth requirements.
- ITC Hotels as a focused entity would attract the right sets of investors, strategic partners and collaborations, whose investment strategies and risk profiles are aligned more sharply with the hospitality industry.
- The Scheme would unlock value of the Hotels Business for existing shareholders of ITC through independent market driven valuation of their shares in ITC Hotels which will be listed pursuant to the Scheme, along with the option and flexibility to remain invested in a pure play hospitality focused listed entity.
- The Scheme will ensure long term stability and strategic support to ITC Hotels and also enable the leveraging of cross synergies between the two companies.

Rationale for ITC retaining 40% stake in ITC Hotels (or 'the Resulting Company')

- The Resulting Company will operate as an independent hospitality focused listed entity and ITC's shareholding will allow it to continue to leverage ITC's institutional strengths, strong brand equity and goodwill for sustained value creation for its public shareholders;

To clarify, if ITC does not hold equity stake in the Resulting Company as proposed, then it will not be possible for the Resulting Company to, inter alia, use the 'ITC' brand name and associated brand equity and goodwill for its hotels operations, which may be detrimental to sustained value creation for its shareholders.

- The proposed structure will create a strong foundation for accelerating growth and sustained value creation by providing long term stability and strategic support to ITC Hotels, and instill a sense of assurance among stakeholders including partners & employees—which is critical to ensure business continuity and value preservation;
- Enable continued access to synergies for both ITC and ITC Hotels—as detailed in Para C below;
- The proposed structure provides necessary headroom for any future dilution in case of an equity fund raise by ITC Hotels.

Shareholders' Approval

In this regard, it is highlighted that the Scheme will be subject to approval of shareholders of ITC with majority of shareholders in number representing 75% in value, in terms of Section 230 of the Companies Act, 2013:

- This condition is more stringent compared to requirement of 'majority of minority shareholders' approval¹, as ITC is a professionally managed company with no promoter; and
- It empowers all the shareholders of ITC to approve or reject the Scheme when it is submitted to them for their approval.

It should also be noted that post announcement of the Scheme, the shareholders of ITC and the market participants have responded positively to the proposed demerger.

¹ As required under Para 10 of the SEBI Master Circular dated June 30, 2023 on (i) Scheme of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957



B. Impact on economic interest of public shareholders of ITC Ltd., if any, and details thereof

The proposed Scheme will not have any impact on the ultimate beneficial economic interest of ITC's shareholders in the Hotels Business as:

- The proposed Scheme does not involve transfer of ITC's Hotels Business to a third party having a different set of shareholders vis-à-vis ITC; and
- As mentioned above, the shareholders of ITC will continue to hold 100% beneficial economic interest in Hotels Business/ITC Hotels, i.e. approx. 60% directly and balance of approx. 40% indirectly through their shareholding in ITC.

C. What are the synergies, advantages and disadvantages of the proposed Scheme?

- Under the proposed structure, both the entities will continue to benefit from cross-synergies through suitable arrangements and institutional mechanisms, as outlined below:
 - ITC Hotels will continue to leverage ITC's corporate brand reputation, globally acclaimed sustainability credentials, high quality talent pool, digital capabilities, robust governance, systems & processes, sourcing quality products etc.;
 - ITC will continue to be benefitted by the cuisine knowledge of ITC Hotels in creating differentiated & high quality branded food products including food tech creations apart from continuing to provide a platform for high quality consumer engagements & brand visibility for its FMCG brands.
- Further, below are some of the key advantages of the proposed Scheme from the perspective of ITC shareholders:
 - Provides direct stake to ITC's shareholders in a pure play Hotels entity, without requiring any additional investment;
 - Value unlocking of Hotels Business through independent listing;
 - Provides flexibility to ITC's shareholders to remain invested/exit depending upon their investment strategies & risk profile;
 - Sustained value creation for ITC shareholders through continued access to cross synergies between ITC and ITC Hotels;
 - Reinforce ITC's sharper capital allocation strategy through *inter alia* improvement in overall return profile of ITC. It is envisaged that, with the demerger of the Hotels business, the financial return metrics (such as Segment ROCE, Return on Invested Capital) of ITC would improve significantly.

Overall, the proposed Scheme is in the best interests of ITC, ITC Hotels and their respective shareholders, employees, creditors and other stakeholders.

We trust the response furnished above suitably addresses your queries and would request you to provide us with "No Objection Letter" at the earliest.

Yours faithfully,
ITC Limited

**RAJENDR
A KUMAR
SINGHI** Digitally signed
by RAJENDRA
KUMAR SINGHI
Date: 2023.12.20
17:52:48 +05'30'

(R. K. Singhi)
Executive Vice President &
Company Secretary

