

National Stock Exchange Of India Limited

Ref: NSE/LIST/37298

October 03, 2023

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

Kind Attn.: Mr. Rajendra Kumar Singhi

Dear Sir,

Sub: Requirements for seeking observation on draft scheme of arrangement amongst ITC Limited (Demerged Company) and ITC Hotels Limited (Resulting Company) and their respective shareholders and creditors pursuant to the provisions of sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

This is with reference to your application for draft scheme of arrangement amongst ITC Limited (Demerged Company) and ITC Hotels Limited (Resulting Company) and their respective shareholders and creditors pursuant to the provisions of sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

In this regard, additional queries and documents are sought by SEBI. Accordingly, the Company is requested to provide the following details within 5 days:

Sr. No.	Particulars	Yes/ No/ Not Applicable	Remarks	Annexure (Document Provided)
1.	Apportionment of losses of the listed company among the companies involved in the scheme.			
2.	Details of assets, liabilities, revenue and net worth of the companies involved in the scheme, both pre and post scheme of arrangement, along with a write up on the history of the demerged undertaking/Transferor Company certified by Chartered Accountant (CA).			
3.	Any type of arrangement or agreement between the demerged company/resulting			

Sr. No.	Particulars	Yes/ No/ Not Applicable	Remarks	Annexure (Document Provided)
	company/merged/amalgamated company/ creditors / shareholders / promoters / directors/etc., which may have any implications on the scheme of arrangement as well as on the shareholders of listed entity.			
4.	Reasons along with relevant provisions of Companies Act, 2013 or applicable laws for proposed utilization of reserves viz. Capital Reserve, Capital Redemption Reserve, Securities premium, as a free reserve, certified by CA.			
5.	Built up for reserves viz. Capital Reserve, Capital Redemption Reserve, Securities premium, certified by CA.			
6.	Nature of reserves viz. Capital Reserve, Capital Redemption Reserve, whether they are notional and/or unrealized, certified by CA.			
7.	The built up of the accumulated losses over the years, certified by CA.			
8.	Relevant sections of Companies Act, 2013 and applicable Indian Accounting Standards and Accounting treatment, certified by CA.			
9.	Details of shareholding of companies involved in the scheme at each stage, in case of composite scheme.			
10.	Whether the Board of unlisted company has taken the decision regarding issuance of Bonus shares. If yes provide the details thereof. If not, provide the reasons thereof.			

Sr. No.	Particulars	Yes/ No/ Not Applicable	Remarks	Annexure (Document Provided)
11.	List of comparable companies considered for comparable companies' multiple method.			
12.	Share Capital built-up in case of scheme of arrangement involving unlisted entity/entities, certified by CA.			
13.	Any action taken/pending by Govt./Regulatory body/Agency against all the entities involved in the scheme.			
14.	Comparison of revenue and net worth of demerged undertaking with the total revenue and net worth of the listed entity in last three financial years.			
15.	Detailed rationale for arriving at the swap ratio for issuance of shares as proposed in the draft scheme of arrangement by the Board of Directors of the listed company.			
16.	In case of Demerger, basis for division of assets and liabilities between divisions of Demerged entity.			
17.	How the scheme will be beneficial to public shareholders of the Listed entity and details of change in value of public shareholders pre and post scheme of arrangement.			
18.	Tax/other liability/benefit arising to the entities involved in the scheme, if any.			
19.	Revenue, PAT and EBIDTA (in value and percentage terms) details of entities involved in the scheme for all the number of years considered for valuation. Reasons justifying			

Sr. No.	Particulars	Yes/ No/ Not Applicable	Remarks	Annexure (Document Provided)
	the EBIDTA/PAT margin considered in the valuation report.			
20.	Confirmation from valuer that the valuation done in the scheme is in accordance with applicable valuation standards.			
21.	Confirmation from Company that the scheme is in compliance with the applicable securities laws.			
22.	Confirmation that the arrangement proposed in the scheme is yet to be executed.			

We would be in a position to take necessary action at our end on receipt of the above documents/details.

Yours faithfully,
For National Stock Exchange of India Ltd.

Flora Matmari
Deputy Manager
Contact no.8452916958

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL http://www.nseindia.com/corporates/content/further_issues.htm



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

6th October, 2023

The Deputy Manager
National Stock Exchange of India Ltd.
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 amongst ITC Limited (“ITC” or “Demerged Company”), ITC Hotels Limited (“ITC Hotels” or “Resulting Company”), and their respective shareholders and creditors in accordance with Sections 230 to 232 read with other applicable provisions of the Companies Act, 2013 (“Scheme”)

Reference to your letter No. NSE/LIST/37298 dated 3rd October, 2023, the additional documents / information as required are enclosed herewith.

We will be glad to provide any further clarification that you may require in this regard.

We would request you to provide us with “No Objection Letter” at the earliest.

Yours faithfully,
ITC Limited

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

Enclosed: a/a

Additional information to be submitted along with the Scheme

Sr. No.	Particulars	Yes/No/NA
1.	Apportionment of losses of the listed company among the companies involved in the scheme.	Not applicable. The Demerged Company does not have any losses.
2.	Details of assets, liabilities, revenue and net worth of the companies involved in the scheme, both pre and post scheme of arrangement, along with a write up on the history of the demerged undertaking/ Transferor Company certified by Chartered Accountant (CA).	Enclosed as Annexure 1.
3.	Any type of arrangement or agreement between the demerged company/ resulting company/ merged/ amalgamated company/ creditors/ shareholders/ promoters/ directors/ etc., which may have any implications on the scheme of arrangement as well as on the shareholders of listed entity.	There are no arrangement or agreement between the demerged company / resulting company/ creditors/ shareholders/ directors etc. other than as provided in the Scheme.
4.	Reasons along with relevant provisions of Companies Act, 2013 or applicable laws for proposed utilization of reserves viz. Capital Reserve, Capital Redemption Reserve, Securities premium, as a free reserve, certified by CA.	The accounting treatment specified in clause 19 of the Scheme, including treatment of reserves of the Demerged Company and Resulting Company is in compliance with applicable Accounting Standards notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, and generally accepted accounting principles in India. The same has been certified by the respective Statutory Auditor of the companies involved in the Scheme. The said Certificates are enclosed as Annexure 2A and 2B.
5.	Built up for reserves viz. Capital Reserve, Capital Redemption Reserve, Securities premium, certified by CA.	Enclosed as Annexure 3.
6.	Nature of reserves viz. Capital Reserve, Capital Redemption Reserve, whether they are notional and/or unrealized, certified by CA.	Enclosed as Annexure 3.



Sr. No.	Particulars	Yes/No/NA
7.	The built up of the accumulated losses over the years, certified by CA.	Not applicable. The Demerged Company does not have any accumulated losses.
8.	Relevant sections of Companies Act, 2013 and applicable Indian Accounting Standards and Accounting treatment, certified by CA.	The accounting treatment provided in the proposed Scheme, in terms of the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ('Act'), is in compliance with applicable Accounting Standards notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and generally accepted accounting principles in India. The same has been certified by the respective Statutory Auditor of the companies involved in the Scheme. The said Certificates are enclosed as Annexure 2A and 2B.
9.	Details of shareholding of companies involved in the scheme at each stage, in case of composite scheme.	Not applicable. The proposed Scheme is not a composite scheme.
10.	Whether the Board of unlisted company has taken the decision regarding issuance of Bonus shares. If yes provide the details thereof. If not, provide the reasons thereof.	No. ITC Hotels was incorporated on 28 th July, 2023 and is yet to commence any commercial operations.
11.	List of comparable companies considered for comparable companies' multiple method.	Not applicable. As mentioned in the Share Entitlement Ratio Report issued by Registered Valuer: <i>"... 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."</i> A copy of the said Report is enclosed as Annexure 4.
12.	Share Capital built-up in case of scheme of arrangement involving unlisted entity/entities, certified by CA.	Enclosed as Annexure 5A and 5B.



Sr. No.	Particulars	Yes/No/NA
13.	Any action taken/pending by Govt./Regulatory body/Agency against all the entities involved in the scheme.	No regulatory action under securities laws is pending against ITC or ITC Hotels.
14.	Comparison of revenue and net worth of demerged undertaking with the total revenue and net worth of the listed entity in last three financial years.	Enclosed as Annexure 6 .
15.	Detailed rationale for arriving at the swap ratio for issuance of shares as proposed in the draft scheme of arrangement by the Board of Directors of the listed company.	<p>As mentioned in the Share Entitlement Ratio Report issued by the Registered Valuer M/s PwC Business Consulting Services LLP, they have not carried out any valuation as the proposed demerger will not have any impact on economic and beneficial interest of the equity shareholders of ITC and is value neutral.</p> <p>A copy of the said Report is enclosed as Annexure 4.</p> <p>Further, Kotak Mahindra Capital Company Limited, an independent SEBI registered Category I Merchant Banker in its Fairness opinion Report, has also opined that the Share Entitlement Ratio is fair and reasonable from a financial point of view to the shareholders of ITC.</p> <p>A copy of the said Report is enclosed as Annexure 7.</p>
16.	In case of Demerger, basis for division of assets and liabilities between divisions of Demerged entity.	The Demerged Undertaking (as defined in Clause 5.1(xiii) of the Scheme) consists of the businesses, undertakings, assets, activities, operations and properties of ITC, related to or pertaining to the conduct of, or the activities of the Hotels Business, on a going concern basis.



Sr. No.	Particulars	Yes/No/NA
		<p>“Hotels Business” (as defined in Clause 5.1(xxii) of the Scheme) means the hotels and hospitality business of ITC 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.</p> <p>A copy of the said Scheme is enclosed as Annexure 8.</p>
17.	How the scheme will be beneficial to public shareholders of the Listed entity and details of change in value of public shareholders pre and post scheme of arrangement.	<p>As provided in the Report of the Audit Committee:</p> <p>i. The Scheme by way of segregating Hotels Business is expected to be beneficial to the shareholders of ITC as it would enable crafting of the next horizon of growth and sustained value creation for shareholders.</p> <p>ii. All the shareholders of ITC shall, upon Demerger be the ultimate beneficial economic owners of ITC Hotels and upon allotment of equity shares of ITC Hotels as per Share Entitlement Ratio (“SER”) recommended under the SER Report, the ultimate beneficial economic interest of the shareholders in the share capital of ITC Hotels shall be the same as in the share capital of ITC. That is, shareholders of ITC will have direct interest over ITC Hotels through ~ 60% of the share capital proposed to be issued by ITC Hotels (in the same proportion as they hold shares in ITC) and ~ 40% of the interest in ITC Hotels will be held indirectly through their shareholding in ITC.</p>



Sr. No.	Particulars	Yes/No/NA
		<p>iii. Further, the shareholders of ITC will have the option and flexibility to remain invested in a pure play hospitality focused listed entity. The shareholders of ITC will also <i>inter-alia</i> benefit from ITC's strategic support to ITC Hotels, long term stability of ITC Hotels under the proposed demerger and continued access to synergies for both ITC and ITC Hotels.</p> <p>A copy of the said Report is enclosed as Annexure 9.</p>
18.	Tax/other liability/benefit arising to the entities involved in the scheme, if any.	<p>There is no tax liability/ benefit arising to the entities involved in the Scheme. To clarify, the proposed transfer of Demerged Undertaking pursuant to the Scheme of Arrangement shall be on a going concern basis and is compliant with Section 2(19AA) and the related provisions of the Income Tax Act, 1961. Hence, it is tax neutral. Further, the Demerged Company does not have any tax accumulated losses to be apportioned to the Resulting Company. Similarly, there shall be no goods and services tax payable on the proposed Demerger.</p>
19.	Revenue, PAT and EBIDTA (in value and percentage terms) details of entities involved in the scheme for all the number of years considered for valuation. Reasons justifying the EBIDTA/PAT margin considered in the valuation report.	<p>Not Applicable.</p> <p>As mentioned in the Share Entitlement Ratio Report issued by the Registered Valuer M/s PwC Business Consulting Services LLP, they have not carried out any valuation as the proposed demerger will not have any impact on economic and beneficial interest of the equity shareholders of ITC and is value neutral.</p>



Sr. No.	Particulars	Yes/No/NA
20.	Confirmation from valuer that the valuation done in the scheme is in accordance with applicable valuation standards.	<p>Not Applicable.</p> <p>As mentioned in the Share Entitlement Ratio Report issued by the Registered Valuer M/s PwC Business Consulting Services LLP, they have not carried out any valuation as the proposed demerger will not have any impact on economic and beneficial interest of the equity shareholders of ITC and is value neutral.</p>
21.	Confirmation from Company that the scheme is in compliance with the applicable securities laws.	We hereby confirm that the scheme is in compliance with the applicable securities laws.
22.	Confirmation that the arrangement proposed in the scheme is yet to be executed.	The arrangement is yet to be executed and will be made effective post approval of NCLT in terms of Clause 28 of the Scheme.



S R B C & 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.



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 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 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: 23109360BGYBI15807



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

FMCG ● HOTELS ● PAPERBOARDS & PACKAGING ● AGRI-BUSINESS ● INFORMATION TECHNOLOGY
Visit us at www.itcportal.com ● Corporate Identity Number : L16005WB1910PLC001985 ● e-mail: enduringvalue@itc.in





ITC Limited
Virginia House
37 J. L. Nehru Road
Kolkata 700 071, India
Tel.: +91 33 22889371, 22889900
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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



Auditor's Certificate

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

1. We, the statutory auditors of ITC Limited (hereinafter referred to as the "Company") have examined the proposed accounting treatment specified in clause 19.1 of the Draft Scheme of arrangement between the Company and ITC Hotels Limited ("the Resulting Company") and their respective shareholders and creditors (hereinafter referred to as "the Draft Scheme") in terms of the provisions of section(s) 230 to 232 and other applicable provisions of the Companies Act, 2013 ("the Act") with reference to its compliance with the applicable Accounting Standards notified under section 133 of the Act together with Rule 3 of the Companies (Indian Accounting Standards) Amendment Rules, 2015 (as amended) ("the Applicable Accounting Standards") and Other Generally Accepted Accounting Principles in India.
2. The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved. Our responsibility is to examine and report whether the Draft Scheme complies with the applicable Accounting Standards and Other Generally Accepted Accounting Principles. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes (Revised 2016), issued by the Institute of Chartered Accountants of India.
3. Read with Para 2 above and based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in the aforesaid scheme is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder, and all the applicable Accounting Standards notified by the Central Government under the Companies Act, 2013 and Other Generally Accepted Accounting Principles in India.
4. This Certificate is issued at the request of ITC Limited pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onward submission to the BSE Limited, The National Stock Exchange of India Limited, the Calcutta Stock Exchange Limited and further onward submission with the Securities and Exchange Board of India, the National Company Law Tribunal, Kolkata Bench and/or any other regulatory authorities in connection with the Draft Scheme. This Certificate should not be used for any other purpose without our prior written consent.
5. This Certificate should be read together with Annexures attached herewith (Refer Annexure A and Annexure B).

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Arvind Sethi**
Partner
Membership Number: 89802

UDIN: 23089802BGYPXD1601

Place: Kolkata
Date: August 14, 2023



S R B C & CO LLP

Chartered Accountants

ITC Limited
Page 2 of 3

Annexure A: Independent Auditor's Certificate on the accounting treatment in the proposed scheme of arrangement under Sections 230 to 232 of the Companies Act, 2013, relevant rules thereunder and SEBI Master circular SEBI/HO/CFD/POD-2/P/CIR/2023/93

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 3, 2023 and master engagement agreement dated August 2, 2019 with ITC Limited (hereinafter the "Company") pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 of arrangement as mentioned in paragraph 2 below.
2. We, S R B C & CO LLP, Chartered Accountants, are the Statutory Auditors of the Company and have been requested by the management of the Company, to examine the proposed accounting treatment given in para 19.1 of the proposed scheme of arrangement between the Company and 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'), for compliance with the applicable accounting standards prescribed under section 133 of the Companies Act, 2013 read together with Rule 3 of the Companies (Indian Accounting Standards) Amendment Rules, 2015, as amended and other generally accepted accounting principles in India (collectively referred to as 'applicable accounting standards'). The accounting treatment as prescribed in the Scheme has been included in Annexure B which has been initialed by us for identification purposes only.

Management's Responsibility

3. The preparation of the Scheme 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 Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Scheme has been approved by the Board of Directors.
4. The management of the Company 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also provide relevant information to the NCLT and any other regulatory authority in connection with the Scheme.

Auditors Responsibility

5. Our responsibility is to provide reasonable assurance in the form of an opinion [pursuant to the requirements of Section 230 of the Companies Act, 2013 and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and SEBI Master Circular] on whether the accounting treatment as contained in the Annexure B is in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder, and the 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 and Other Generally Accepted Accounting Principles in India.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. 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.
8. Our examination did not extend to any aspects of legal or propriety nature of the Scheme and other compliances thereof. Nothing contained in this certificate, nor anything said or done in the course of,



ITC Limited
Page 3 of 3

connection with the services that are subject to this certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company.

9. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the applicable criteria, mentioned in paragraph 5 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the applicable criteria. Accordingly, our procedures included the following:
- Obtained and read the Scheme and the proposed accounting treatment specified therein.
 - Obtained copy of resolution passed by the Board of Directors of the Company dated August 14, 2023 approving the Scheme.
 - Examined whether the proposed accounting treatment as per clause 19.1 of the Scheme is in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder, and the 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 and Other Generally Accepted Accounting Principles in India.
 - Performed necessary inquiries with the management and obtained necessary representations from the management.

Opinion

10. Based on our examination and according to the information and explanations given to us, read with paragraph 9 above and in respect of our opinion as mentioned in paragraph 3 to the Auditor's Certificate, in our opinion, the proposed accounting as contained in the Annexure B, is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder and the 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 and Other Generally Accepted Accounting Principles in India.

Restriction on Use

11. This certificate has been issued at the request of the Company and is addressed to and provided to the Board of Directors pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onwards submission to the BSE, NSE, CSE, SEBI, NCLT and any other regulatory authority in connection with the Scheme, and should not be used for any other person or purpose or distributed to anyone or referred to in any document without our prior written consent. Our examination relates to the matters specified in this certificate, and does not extend to the Company as a whole. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it 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 **Arvind Sethi**
Partner
Membership Number: 89802

UDIN: 23089802BGYPXD1601

Place: Kolkata
Date: August 14, 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

ANNEXURE B: EXTRACT OF ACCOUNTING TREATMENT FROM DRAFT SCHEME OF ARRANGEMENT BETWEEN ITC LIMITED (“DEMERGED COMPANY”) AND ITC HOTELS LIMITED (‘RESULTING COMPANY’ OR “ITC HOTELS”) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS (UNDER SECTION 230 – 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013)

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.

For ITC Limited


Authorised Signatory

Date: 14th August, 2023



S.R. BATLIBOI & Co. LLP

Chartered Accountants

4th Floor, Office 405
World Mark - 2, Asset No. 8
IGI Airport Hospitality District, Aerocity
New Delhi - 110 037, India
Tel : +91 11 4681 9500

Independent Auditor's Certificate on the accounting treatment in the proposed scheme of arrangement under Sections 230 to 232 of the Companies Act, 2013 and relevant rules thereunder

To,
The Board of Directors
ITC Hotels 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 14, 2023 and master engagement agreement dated August 14, 2023 with ITC Hotels Limited (hereinafter the "Company" or "Resulting Company") for submission to the National Company Law Tribunal (NCLT) and other regulatory authorities in connection with the scheme of arrangement as mentioned in paragraph 2 below.
2. We, S.R. Batliboi & CO LLP, Chartered Accountants, are the Statutory Auditors of the Company and have been requested by the management of the Company, to examine the proposed accounting treatment given in para 19.2 of the proposed scheme of arrangement between the Company and 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"), for compliance with the applicable accounting standards prescribed under section 133 of the Companies Act, 2013 read together with Rule 3 of the Companies (Indian Accounting Standards) Amendment Rules, 2015, as amended and other generally accepted accounting principles in India (collectively referred to as 'applicable accounting standards'). The accounting treatment as prescribed in the Scheme has been included in Annexure A which has been initialed by us for identification purposes only.

Management's Responsibility

3. The preparation of the Scheme 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 Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Scheme has been approved by the Board of Directors.
4. The management of the Company 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.

Auditors Responsibility

5. Our responsibility is to provide reasonable assurance in the form of an opinion [pursuant to the requirements of Section 230 of the Companies Act, 2013 and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016] on whether the accounting treatment as contained in the Annexure A is in compliance with the 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 and Other Generally Accepted Accounting Principles in India.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. 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.

Our examination did not extend to any aspects of legal or propriety nature of the Scheme and other compliances thereof. Nothing contained in this Certificate, nor anything said or done in the course of, or



Page 2 of 2

in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company.

9. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the applicable criteria, mentioned in paragraph 5 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the applicable criteria. Accordingly, our procedures included the following:
- a. Obtained and read the Scheme and the proposed accounting treatment specified therein.
 - b. Obtained copy of resolution passed by the Board of Directors of the Company dated August 14, 2023 approving the Scheme.
 - c. Examined whether the proposed accounting treatment as per clause 19.2 of the Scheme is in compliance with the 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 and Other Generally Accepted Accounting Principles in India.
 - d. Performed necessary inquiries with the management and obtained necessary representations from the management.

Opinion

10. Based on our examination and according to the information and explanations given to us, read with paragraph 9 above, in our opinion, the proposed accounting as contained in the Annexure A, is in compliance with the 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 and Other Generally Accepted Accounting Principles in India.

Restriction on Use

11. This Certificate has been issued at the request of the Company and is addressed to and provided to the Board of Directors for submission to the Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, National Company Law Tribunal, Regional Director, Registrar of Companies and any other regulatory authority in connection with the Scheme, and should not be used for any other person or purpose or distributed to anyone or referred to in any document without our prior written consent. Our examination relates to the matters specified in this Certificate, and does not extend to the Company as a whole. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it 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: 23095169BGYAAM3614

Place of Signature: Delhi

Date: August 14, 2023

ITC HOTELS LIMITED

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

ANNEXURE A: EXTRACT OF ACCOUNTING TREATMENT FROM DRAFT SCHEME OF ARRANGEMENT BETWEEN ITC LIMITED (“DEMERGED COMPANY”) AND ITC HOTELS LIMITED (“RESULTING COMPANY” OR “ITC HOTELS”) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS (UNDER SECTION 230 – 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013)

19. ACCOUNTING TREATMENT IN THE BOOKS OF THE COMPANIES

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.



S.R. Ballbol & Co. LLP, New Delhi
for Identification

(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

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.

For ITC Hotels Limited


Authorised Signatory

S.R. Batlibol & Co. LLP, New Delhi
for Identification 

Date: 14th August, 2023



(WHOLLY OWNED SUBSIDIARY OF ITC LTD.)



S. GUHA & ASSOCIATES

Annexure 3

Chartered Accountants

Head Office :

16/1, GIRISH VIDYA RATNA LANE, KOLKATA-700 009

Ph : (033) 2360 9686, 2350-6991 • E-mail : sguhaassociates@gmail.com • Website : sguhaassociates.com

Branches :

KOLKATA NEW DELHI MUMBAI SILIGURI AGARTALA DEOGHAR PATNA GUWAHATI PORT BLAIR BOLPUR

4th October, 2023

To

ITC Limited,

Virginia House,

37, J.L. Nehru Road,

Kolkata -700071.

Subject: Certificate on Nature and Built up of Reserves viz. Capital Reserve, Capital Redemption Reserve and Securities Premium of ITC Limited in respect of the proposed Scheme of Arrangement among ITC Limited (hereinafter the "Company"), ITC Hotels Limited and their respective shareholders and creditors in accordance with Sections 230 to 232 of the Companies Act, 2013.

Sir,

The Board of Directors of the Company, at their meeting held on 14th August, 2023, approved the Scheme of Arrangement amongst the Company, ITC Hotels Limited and their respective Shareholders and Creditors (hereinafter the "Scheme") in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

In this regard, at the request of the Company, we have reviewed the details of nature and built up of reserves viz. Capital Reserve, Capital Redemption Reserve and Securities Premium of the Company over the years till 31st March, 2023 as detailed in the Annexure, which we have initialled for the purpose of identification. The Annexure has been prepared by the Company for the purpose of submission to the National Stock Exchange of India Limited (NSE), BSE Limited (BSE) and The Calcutta Stock Exchange Limited (CSE) (collectively referred to as "Stock Exchanges"), Securities and Exchange Board of India (SEBI), National Company Law Tribunal (NCLT) and any other regulatory authorities in connection with the Scheme.

We have reviewed the Annexure, traced and agreed the figures with the Audited Financial Statements of the Company over the years till 31st March, 2023.

Considering the above-mentioned documents and information provided to us by the management, we hereby certify that the details of Reserves as provided in the Annexure is proper and appropriate.





S. GUHA & ASSOCIATES

Chartered Accountants

Head Office :

16/1, GIRISH VIDYA RATNA LANE, KOLKATA-700 009

Ph : (033) 2360 9686, 2350-6991 • E-mail : sguhaassociates@gmail.com • Website : sguhaassociates.com

Branches :

KOLKATA NEW DELHI MUMBAI SILIGURI AGARTALA DEOGHAR PATNA GUWAHATI PORT BLAIR BOLPUR

This certificate has been issued at the request of the Company for submission to the Stock Exchanges, SEBI, NCLT and any other regulatory authorities in connection with the Scheme. This certificate should be read together with Annexure attached herewith.

For S. Guha & Associates

Chartered Accountants

FRN:322493E

Sourabh Mitra

Sourabh Mitra

Partner

M. No. 308743

UDIN: 23308743BGUMHC6760

Kolkata





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

NATURE AND BUILT-UP OF RESERVES
VIZ. CAPITAL RESERVE, CAPITAL REDEMPTION RESERVE AND
SECURITIES PREMIUM OF ITC LIMITED (DEMERGED COMPANY)

Capital Reserve

Nature of Reserve: This Reserve represents the difference between value of the net assets transferred to the Company in the course of business combinations and the consideration paid for such combinations.

This Reserve is not considered as a 'free reserve' under Section 2(43) of the Companies Act, 2013.

The built-up of the Reserve, as disclosed in the audited financial statements of the Company in accordance with applicable accounting standards and generally accepted accounting principles, is as follows:

Period	Particulars	Amount (₹ Crs)
	Opening balance for financial year 1991-92	-
1991-92	Add: Capital Reserve arising pursuant to scheme of share exchange on account of merger of Tribeni Tissues Ltd. with the Company	2.12
1992-93	Add: Capital Reserve arising on account of forfeiture of 15% Redeemable Bonds of ₹ 500 each	0.10
2001-02	Add: Capital Reserve balance taken over by the Company consequent to Scheme of Amalgamation of ITC Bhadrachalam Paperboards Limited with the Company	0.24
2004-05	Add: Capital Reserve balance taken over by the Company consequent to Scheme of Amalgamation of ITC Hotels Limited and Ansal Hotels Limited with the Company	0.02
	Closing Balance of Capital Reserve as on 31st March, 2023	2.48

Capital Redemption Reserve

Nature of Reserve: This Reserve has arisen in the course of business combinations.

This Reserve is not considered as a 'free reserve' under Section 2(43) of the Companies Act, 2013.

The built-up of the Reserve, as disclosed in the audited financial statements of the Company in accordance with applicable accounting standards and generally accepted accounting principles, is as follows:

Period	Particulars	Amount (₹ Cr)
	Opening balance for financial year 2004-05	-
2004-05	Add: Capital Redemption Reserve taken over by the Company consequent to Scheme of Amalgamation of ITC Hotels Limited and Ansal Hotels Limited with the Company	0.30
	Closing Balance of Capital Redemption Reserve as on 31st March, 2023	0.30



Securities Premium

Nature of Reserve: This Reserve represents the premium on issue of shares.

This Reserve is not considered as a 'free reserve' under Section 2(43) of the Companies Act, 2013.

The built-up of the Reserve, as disclosed in the audited financial statements of the Company in accordance with applicable accounting standards and generally accepted accounting principles, is as follows:

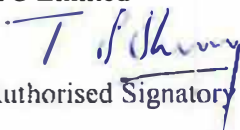
₹ Crs

Period	Opening Balance	Add: Premium on issue of new shares under GDRs and Employee Stock Option Schemes ("ESOPs")	Less: Share issue expenses	Add: Transfer from Share Option Outstanding Reserve to Securities Premium on Exercise of ESOPs	Add: Share Premium Reserves taken over by Company consequent to Scheme of Amalgamations	Less: Utilised for issue of Bonus Shares	Closing Balance
1993-94	-	211.41	11.45	-	-	-	199.96
1994-95	199.96	8.60	0.03	-	-	-	208.53
1995-96	208.53	65.55	-	-	-	-	274.08
1996-97	274.08	-	-	-	-	-	274.08
1997-98	274.08	-	-	-	-	-	274.08
1998-99	274.08	-	-	-	-	-	274.08
1999-00	274.08	-	-	-	-	-	274.08
2000-01	274.08	-	-	-	-	-	274.08
2001-02	274.08	-	-	-	10.50*	-	284.58
2002-03	284.58	-	-	-	-	-	284.58
2003-04	284.58	11.04	-	-	-	-	295.62
2004-05	295.62	36.78	-	-	49.85**	-	382.25
2005-06	382.25	65.03	-	-	-	-	447.28
2006-07	447.28	41.69	-	-	-	-	488.97
2007-08	488.97	43.99	-	-	-	-	532.96
2008-09	532.96	44.17	-	-	-	-	577.13
2009-10	577.13	716.35	-	-	-	-	1,293.48
2010-11	1,293.48	894.50	-	-	-	382.67	1,805.31
2011-12	1,805.31	756.96	-	-	-	-	2,562.27
2012-13	2,562.27	913.97	-	-	-	-	3,476.24
2013-14	3,476.24	685.94	-	-	-	-	4,162.18
2014-15	4,162.18	972.57	-	-	-	-	5,134.75
2015-16	5,134.75	528.53	-	22.58	-	-	5,685.86
2016-17	5,685.86	1,059.61	-	89.44	-	402.67	6,432.24
2017-18	6,432.24	907.10	-	105.07	-	-	7,444.41
2018-19	7,444.41	963.70	-	114.65	-	-	8,522.76
2019-20	8,522.76	621.94	-	66.79	-	-	9,211.49
2020-21	9,211.49	288.99	-	111.16	-	-	9,611.64
2021-22	9,611.64	290.38	-	86.12	-	-	9,988.14
2022-23	9,988.14	2,466.92	-	610.56	-	-	13,065.62

*Reserve taken over consequent to Scheme of Amalgamation of ITC Bhadrachalam Paperboards Limited with the Company.

**Reserve taken over consequent to Scheme of Amalgamation of ITC Hotels Limited and Ansal Hotels Limited with the Company.

Yours faithfully,
ITC Limited


Authorised Signatory

Date: 4th October, 2023





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

PwC Business Consulting Services LLP, 252 Veer Savarkar Marg, Shivaji Park, Dadar, Mumbai – 400 028.
 T : +91 (22) 66691500, F: + 91 (22) 66547801 / 04 / 07 / 08, www.pwc.com/india

LLPIN : AAO-9288 Registered with limited liability.

Registered Office : 11-A, Sucheta Bhawan, 1st Floor, Vishnu Digambar Marg, New Delhi, 110 002.





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 other 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 mis-stated/ 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 (Source: Management)	83,00,00,000
(B) Post the Demerger, equity stake ITC intends to hold in ITC Hotels (Source: Management)	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 (Source: Management)	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



S. GUHA & ASSOCIATES

Annexure 5

Chartered Accountants

Head Office :

16/1, GIRISH VIDYA RATNA LANE, KOLKATA-700 009

Ph : (033) 2360 9686, 2350-6991 • E-mail : sguhaassociates@gmail.com • Website : sguhaassociates.com

Branches :

KOLKATA NEW DELHI MUMBAI SILIGURI AGARTALA DEOGHAR PATNA GUWAHATI PORT BLAIR BOLPUR

4th October, 2023

To

ITC Limited,

Virginia House,

37, J.L. Nehru Road,

Kolkata -700071.

Subject: Certificate on Capital Evolution of ITC Limited in respect of the proposed Scheme of Arrangement among ITC Limited (hereinafter the "Company"), ITC Hotels Limited and their respective shareholders and creditors in accordance with Sections 230 to 232 of the Companies Act, 2013.

Sir,

The Board of Directors of the Company, at their meeting held on 14th August, 2023, approved the Scheme of Arrangement amongst the Company, ITC Hotels Limited and their respective Shareholders and Creditors (hereinafter the "Scheme") in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

In this regard, at the request of the Company, we have reviewed the details of capital evolution of the Company over the years as detailed in the Annexure, which we have initialled for the purpose of identification. The Annexure has been prepared by the Company for the purpose of submission to the National Stock Exchange of India Limited (NSE), BSE Limited (BSE) and The Calcutta Stock Exchange Limited (CSE) (collectively referred to as "Stock Exchanges"), Securities and Exchange Board of India (SEBI), National Company Law Tribunal (NCLT) and any other regulatory authorities in connection with the Scheme.

We have reviewed the Annexure, traced and agreed the figures with the Audited Financial Statements of the Company over the years till 31st March, 2023. We have also verified the documents pertaining to allotment of shares under the Company's Employee Stock Option Schemes from 1st April, 2023 till date. The Company was incorporated on 24th August, 1910 under the Indian Companies Act, 1882 with Authorised Share Capital of ₹ 1,000/- divided into 10 shares of ₹ 100 each. As informed by the management, reliable data of the detailed evolution of the Company's paid up share capital is not available for the initial years. Accordingly, the Annexure relates to the period from 1970 (when the shares of the Company were first time listed on stock exchanges) to till date.

Considering the above-mentioned documents and information provided to us by the management, we hereby certify that the built-up of Reserves as detailed in the Annexure is proper and appropriate.





S. GUHA & ASSOCIATES

Chartered Accountants

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Branches :

KOLKATA NEW DELHI MUMBAI SILIGURI AGARTALA DEOGHAR PATNA GUWAHATI PORT BLAIR BOLPUR

This certificate has been issued at the request of the Company for submission to the Stock Exchanges, SEBI, NCLT and any other regulatory authorities in connection with the Scheme. This certificate should be read together with Annexure attached herewith.

For S. Guha & Associates

Chartered Accountants

FRN:322493E

Sourabh Mitra

Sourabh Mitra

Partner

M. No. 308743

UDIN: 23308743BGUMHD6158

Kolkata





ITC Limited
Virginia House
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DETAILS OF CAPITAL EVOLUTION OF ITC LIMITED (DEMERGED COMPANY)

History Of Share Capital (From 1970-71 To 2023-24) ⁵

Date of Issue	No. of shares issued	Issue Price (₹) @ *	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No. of shares)	Whether listed, if not listed, give reasons thereof	Remarks
1970-71	-	-	-	1,89,50,000	Listed	On 22 nd December, 1970, the shares of the Company were listed on the Stock Exchanges.
1978-79	37,90,000	-	Bonus	2,27,40,000	Listed	On 14 th June, 1978, 37,90,000 Bonus Shares were allotted in the ratio of 1 share for every 5 shares held.
1980-81	45,48,000	-	Bonus	2,72,88,000	Listed	On 29 th August, 1980, 45,48,000 Bonus Shares were allotted in the ratio of 1 share for every 5 shares held.
1984-85	29,38,050	-	-	3,02,26,050	Listed	On 1 st July, 1985, 29,38,050 shares were allotted to 1,18,290 Bond holders in exchange for accrued interest.
1985-86	29,42,060	-	-	3,31,68,110	Listed	Allotment of 29,42,060 shares to 1,16,574 bond holders in exchange for accrued interest.
1989-90	3,31,68,110	-	Bonus	6,63,36,220	Listed	On 11 th August, 1989, 3,31,68,110 Bonus Shares were allotted in the ratio of 1 share for every 1 share held.
1991-92	3,98,01,732	-	Bonus	10,61,37,952	Listed	On 2 nd December, 1991, 3,98,01,732 Bonus Shares were allotted in the ratio of 3 shares for every 5 shares held.
	1,05,95,075		Merger	11,67,33,027	Listed	On 10 th February, 1992, 1,05,95,075 shares were allotted consequent to the merger of erstwhile Tribeni Tissues Limited with the Company.
1993-94	45,00,000	479.96	-	12,12,33,027	Listed	On 20 th October, 1993, 45,00,000 shares were allotted consequent to the issue of equivalent number of Global Depository Receipts (GDRs) at an issue price of USD 15.30 (1 USD = INR 31.37) together with 15,00,000 Warrants, each exercisable between 20/4/1994 and 20/10/1995 into one GDR/share.





Date of Issue	No. of shares issued	Issue Price (₹) @ *	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No. of shares)	Whether listed, if not listed, give reasons thereof	Remarks
1994-95	12,13,18,177	-	Bonus	24,25,51,204	Listed	On 17 th November, 1994, 12,13,18,177 Bonus Shares were allotted in the ratio of 1 share for every 1 share held.
	2,85,550	322.07	-	24,28,36,754	Listed	Allotment of 2,85,550 shares consequent to exercise of 1,85,350 Warrants {out of the aforesaid 15,00,000 Warrants at exercise price of USD 15.30 per warrant} (1 USD = INR 32.43)
1995-96	25,78,150	271.04	-	24,54,14,904	Listed	Allotment of 25,78,150 shares consequent to exercise of 12,89,075 Warrants {out of the aforesaid 15,00,000 Warrants at Exercise Price of USD 15.30 per Warrant} (1 USD = INR 35.43)
2002-03	20,96,982	-	Merger	24,75,11,886	Listed	On 6 th May, 2002, 20,96,982 shares were allotted consequent to the amalgamation of erstwhile ITC Bhadrachalam Paperboards Limited with the Company.
2003-04	1,66,965	671.12	ESOP	24,76,78,851	Listed	Allotment of 1,66,965 shares under the Company's Employee Stock Option Schemes.
2004-05	5,42,478	687.96	ESOP	24,82,21,329	Listed	Allotment of 5,42,478 shares under the Company's Employee Stock Option Schemes.
2005-06	12,12,747	-	Merger	24,94,34,076	Listed	On 9 th May, 2005, 12,12,747 shares of ₹ 10/- each were allotted consequent to the amalgamation of erstwhile ITC Hotels Limited & erstwhile Ansal Hotels Limited with the Company.
	9,08,382	722.23	ESOP	25,03,42,458	Listed	Allotment of 9,08,382 shares under the Company's Employee Stock Option Schemes.
	-	-	Sub-division	2,50,34,24,580	Listed	25,03,42,458 shares of face value ₹ 10 were sub-divided into 2,50,34,24,580 shares of face value ₹ 1/- each with effect 28 th September, 2005
	1,25,17,12,290	-	Bonus	3,75,51,36,870	Listed	On 5 th October, 2005 1,25,17,12,290 Bonus Shares of ₹ 1/- each were allotted in the ratio of 1 share for every 2 shares held.
	41,990	80.24	ESOP	3,75,51,78,860	Listed	Allotment of 41,990 shares under the Company's Employee Stock Option Schemes.



Date of Issue	No. of shares issued	Issue Price (₹) @ *	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No. of shares)	Whether listed, if not listed, give reasons thereof	Remarks
2006-07	70,43,920	60.19	ESOP	3,76,22,22,780	Listed	Allotment of 70,43,920 shares under the Company's Employee Stock Option Schemes.
2007-08	63,87,270	69.87	ESOP	3,76,86,10,050	Listed	Allotment of 63,87,270 shares under the Company's Employee Stock Option Schemes.
2008-09	57,89,510	77.28	ESOP	3,77,43,99,560	Listed	Allotment of 57,89,510 shares under the Company's Employee Stock Option Schemes.
2009-10	4,37,77,230	164.64	ESOP	3,81,81,76,790	Listed	Allotment of 4,37,77,230 shares under the Company's Employee Stock Option Schemes.
2010-11	3,82,67,01,530	-	Bonus	7,64,48,78,320	Listed	On 6th August, 2010, 3,82,67,01,530 Bonus Shares were allotted in the ratio of 1 share for every 1 share held.
	9,32,65,960	96.91	ESOP	7,73,81,44,280	Listed	Allotment of 9,32,65,960 shares under the Company's Employee Stock Option Schemes.
2011-12	8,02,80,020	95.29	ESOP	7,81,84,24,300	Listed	Allotment of 8,02,80,020 shares under the Company's Employee Stock Option Schemes.
2012-13	8,34,08,810	110.58	ESOP	7,90,18,33,110	Listed	Allotment of 8,34,08,810 shares under the Company's Employee Stock Option Schemes.
2013-14	5,13,49,840	134.58	ESOP	7,95,31,82,950	Listed	Allotment of 5,13,49,840 shares under the Company's Employee Stock Option Schemes.
2014-15	6,22,48,830	157.24	ESOP	8,01,54,31,780	Listed	Allotment of 6,22,48,830 shares under the Company's Employee Stock Option Schemes.
	87,761	-	Merger	8,01,55,19,541	Listed	On 29 th August, 2014, 87,761 shares were allotted consequent to the Scheme of Arrangement between Wimco Limited and its shareholders and the Company and its shareholders.
2015-16	3,16,87,450	167.80	ESOP	8,04,72,06,991	Listed	Allotment of 3,16,87,450 shares under the Company's Employee Stock Option Schemes.
2016-17	4,02,66,57,100	-	Bonus	12,07,38,64,091	Listed	On 7 th July, 2016, 4,02,66,57,100 Bonus Shares were allotted in the ratio of 1 share for every 2 shares held.
	7,35,18,980	145.13	ESOP	12,14,73,83,071	Listed	Allotment of 7,35,18,980 shares under the Company's Employee Stock Option Schemes.

Date of Issue	No. of shares issued	Issue Price (₹) @ *	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No. of shares)	Whether listed, if not listed, give reasons thereof	Remarks
2017-18	5,69,11,840	160.39	ESOP	12,20,42,94,911	Listed	Allotment of 5,69,11,840 shares under the Company's Employee Stock Option Schemes.
2018-19	5,43,36,690	178.36	ESOP	12,25,86,31,601	Listed	Allotment of 5,43,36,690 shares under the Company's Employee Stock Option Schemes.
2019-20	3,35,99,640	186.10	ESOP	12,29,22,31,241	Listed	Allotment of 3,35,99,640 shares under the Company's Employee Stock Option Schemes.
2020-21	1,66,12,990	174.95	ESOP	12,30,88,44,231	Listed	Allotment of 1,66,12,990 shares under the Company's Employee Stock Option Schemes.
2021-22	1,44,11,700	202.49	ESOP	12,32,32,55,931	Listed	Allotment of 1,44,11,700 shares under the Company's Employee Stock Option Schemes.
2022-23	10,47,61,810	236.48	ESOP	12,42,80,17,741	Listed	Allotment of 10,47,61,810 shares under the Company's Employee Stock Option Schemes.
2023-24 (till 18 th August, 2023) #	3,68,21,760	249.71	ESOP	12,46,48,39,501	Listed	Allotment of 3,68,21,760 shares under the Company's Employee Stock Option Schemes.

[§] The Company was incorporated on 24th August, 1910 under The Indian Companies Act of 1882 with Authorised Share Capital of Rs. 1,000/- divided into 10 shares of Rs. 100/- each. Reliable data of the detailed evolution of the Company's paid-up share capital is not available for the initial years. Accordingly, the data attached relates to the period from 1970 (when the shares of the Company were first time listed on the Stock Exchanges) to till date.

@ For shares issued consequent to exercise of GDR Warrants, the issue price represents the weighted average exercise price of warrants exercised during the period adjusted for Bonus Issue.

* For ESOP allotment, issue price represents the weighted average exercise price of the options exercised during the period, adjusted for bonus issues/splits wherever applicable.

Post 18th August, 2023, 60,75,020 shares were allotted under the Company's Employee Stock Option Schemes. As on date, the Issued and Subscribed Share Capital of the Company is Rs. 1247,09,14,521/- divided into 1247,09,14,521 Ordinary Shares of Re. 1/- each.

Yours faithfully,
ITC Limited



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



Date: 4th October, 2023



S. GUHA & ASSOCIATES

Chartered Accountants

Head Office :

16/1, GIRISH VIDYA RATNA LANE, KOLKATA-700 009

Ph : (033) 2360 9686, 2350-6991 • E-mail : sguhaassociates@gmail.com • Website : sguhaassociates.com

Branches :

KOLKATA NEW DELHI MUMBAI SILIGURI AGARTALA DEOGHAR PATNA GUWAHATI PORT BLAIR BOLPUR

4th October, 2023

To

ITC Hotels Limited,

Virginia House,

37, J.L. Nehru Road,

Kolkata -700071.

Subject: Certificate on Capital Evolution of ITC Hotels Limited in respect of the proposed Scheme of Arrangement among ITC Limited, ITC Hotels Limited (hereinafter the "Company") and their respective shareholders and creditors in accordance with Sections 230 to 232 of the Companies Act, 2013.

Sir,

The Board of Directors of the Company, at their meeting held on 14th August, 2023, approved the Scheme of Arrangement amongst ITC Limited, the Company and their respective Shareholders and Creditors (hereinafter the "Scheme") in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

In this regard, at the request of the Company, we have reviewed the details of capital evolution of the Company as detailed in the Annexure, which we have initialled for the purpose of identification. The Annexure has been prepared by the Company for the purpose of submission to the National Stock Exchange of India Limited (NSE), BSE Limited (BSE) and The Calcutta Stock Exchange Limited (CSE) (collectively referred to as "Stock Exchanges"), Securities and Exchange Board of India (SEBI), National Company Law Tribunal (NCLT) and any other regulatory authorities in connection with the Scheme.

We have reviewed the Annexure along with the Certificate of Incorporation of the Company and share allotment details since inception of the Company.

Considering the above-mentioned documents and information provided to us by the management, we hereby certify that the details of capital evolution as provided in the Annexure are proper and appropriate.





S. GUHA & ASSOCIATES

Chartered Accountants

Head Office :

16/1, GIRISH VIDYA RATNA LANE, KOLKATA-700 009

Ph : (033) 2360 9686, 2350-6991 • E-mail : sguhaassociates@gmail.com • Website : sguhaassociates.com

Branches :

KOLKATA NEW DELHI MUMBAI SILIGURI AGARTALA DEOGHAR PATNA GUWAHATI PORT BLAIR BOLPUR

This certificate has been issued at the request of the Company for submission to the Stock Exchanges, SEBI, NCLT and any other regulatory authorities in connection with the Scheme. This certificate should be read together with Annexure attached herewith.

For S. Guha & Associates

Chartered Accountants

FRN:322493E

Sourabh Mitra

Sourabh Mitra

Partner

M. No. 308743

UDIN: 23308743BGUMHF5867

Kolkata



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

DETAILS OF CAPITAL EVOLUTION OF ITC HOTELS LIMITED (RESULTING COMPANY)

Date of Issue	No. of shares issued	Issue Price (₹)	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No. of shares)	Whether listed, if not listed, give reasons thereof	Remarks
7 th August, 2023	83,00,00,000	1	Initial Subscription	83,00,00,000	Unlisted	ITC Hotels Limited was incorporated on 28 th July, 2023.

Yours faithfully,
ITC Hotels Limited



(R. Poddar)
Director
(DIN: 00297605)

Date: 4th October, 2023



(WHOLLY OWNED SUBSIDIARY OF ITC LTD.)

S R B C & 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 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 inquires 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:

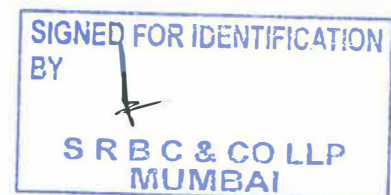
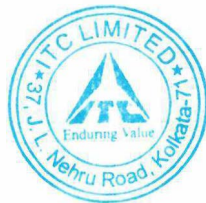
1. Net worth has been computed in terms of regulation 2(1)(s) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 read with sub-section (57) of section 2 of the Companies Act, 2013, which defines it as the aggregate value of the paid-up share capital and all reserves created out 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





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

CIN U67120MH1995PLC134050

Registered Office:

27BKC

C - 27, "G" Block

Bandra Kurla Complex

Bandra (East), Mumbai - 400 051, India

T +91 22 43360000

F +91 22 67132445

www.investmentbank.kotak.com

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 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



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



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

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



Authorised Signatory

CERTIFIED TRUE COPY

SCHEME OF ARRANGEMENT

AMONGST

ITC LIMITED

AND

ITC HOTELS LIMITED

AND

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

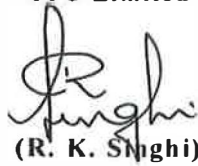
2. PREAMBLE

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;

ITC Limited



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

ITC HOTELS LIMITED
Director



- (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.



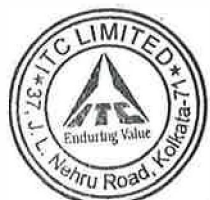
- (iii) The Resulting Company is a newly incorporated entity which will have the ability to raise capital from equity and debt markets towards funding its growth requirements.
- (iv) The Resulting Company as a focused entity would attract the right sets of investors, strategic partners and collaborations, 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 Depository (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 I I 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;



- (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 catch-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.



- 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.

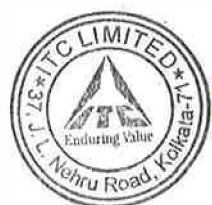
9.1.2 Notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of this Scheme, it is clarified that in order to ensure (i) implementation of the provisions of the Scheme; (ii) uninterrupted transfer of the relevant consents, approvals, patents, permissions, licenses, registrations, 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



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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.



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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



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 NSF, 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.





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 OF THE AUDIT COMMITTEE OF ITC LIMITED (“ITC” OR THE “COMPANY”) RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT AMONGST THE COMPANY AND ITC HOTELS LIMITED (“ITC HOTELS”) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS AT ITS MEETING HELD ON 14TH AUGUST, 2023 AT KOLKATA

1. Background

- 1.1** A meeting of the Audit Committee of the Company was held on 14th August, 2023, to consider and, if thought fit, recommend to the Board of Directors of the Company, the proposed scheme of arrangement amongst the Company and ITC Hotels (the Company and ITC Hotels collectively referred to as, the “Companies”) and their respective shareholders and creditors pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, the rules and/or regulations made thereunder (as amended from time to time) (“Companies Act”), Section 2(19AA) read with other relevant provisions of the Income Tax Act, 1961 (as amended from time to time) (“IT Act”) and other applicable laws including 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” and such scheme, the “Scheme”).
- 1.2** 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”).
- 1.3** 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 is presently not listed on any stock exchange.
- 1.4** In terms of the SEBI Scheme Circular, a report from the Audit Committee (“Committee”) recommending the draft Scheme is required, taking into consideration *inter alia* the SER Report (*as defined hereinafter*), and commenting on the need for the Scheme, rationale of the Scheme, synergies of business of the entities involved in the Scheme, impact of the Scheme on the shareholders and cost benefit analysis of the Scheme. This report of the Audit Committee has been made in compliance with the requirements of the SEBI Scheme Circular issued by SEBI pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”).

1.5 The following documents were placed before the Committee for its consideration:

- (a) Draft Scheme;
- (b) Share Entitlement Ratio Report dated 14th August, 2023 (“**SER Report**”) issued by Registered Valuer 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 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. 324982E/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 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.

2. Salient features of the Scheme

The Committee discussed and noted the salient features of the Scheme, rationale and the need of the proposed arrangement, synergies of the entities involved, impact of the Scheme on the shareholders and cost benefit analysis of the Scheme as below:

- (a) the Demerger (*as defined in the Scheme*) of the Demerged Undertaking (*as defined in the Scheme*) comprising the Hotels Business (*as defined in the Scheme*) of the Company into ITC Hotels (“**Resulting Company**”), on a going concern basis and in consideration, the consequent issuance of equity shares by ITC Hotels to all the members of the Company in accordance with the Share Entitlement Ratio



(as defined below), pursuant to the provisions of Section 2(19AA) and other relevant provisions of the IT Act;

- (b) various other matters consequential or otherwise integrally connected therewith, including changes to the share capital and securities premium account of the Resulting Company.

2.1 Upon the Scheme becoming effective and in consideration of the Demerger, ITC Hotels shall issue and allot equity shares, credited as fully paid-up to the members of the Company who are holding fully paid up equity shares of the Company and whose names appear in the register of members, including register and index of beneficial owners maintained by the depositories 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, as recommended by PwC:

“for every 10 (Ten) Ordinary Shares of face and paid-up value of Re. 1 each held in ITC, 1 (One) equity share of face and paid-up value of Re. 1 in ITC Hotels” (“Share Entitlement Ratio”)

2.2 The existing shareholding of the Company in ITC Hotels shall continue upon the Scheme becoming effective and following the issuance of the equity shares in accordance with paragraph 2.1 above, the Company’s shareholding in ITC Hotels shall stand at approx. 40% of ITC Hotel’s issued and paid up share capital.

2.3 The equity shares of ITC Hotels will be listed and admitted to trading on the BSE and NSE in compliance with SEBI Scheme Circular and other relevant provisions as applicable.

2.4 The Appointed Date for the proposed Scheme is same as the Effective Date or such other date as may be mutually agreed by the Companies.

2.5 The Effective Date for the proposed Scheme is 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 (as set out below) have occurred or have been fulfilled, obtained or waived, as applicable, in accordance with the Scheme.

2.6 The Scheme is and shall be subject to certain conditions precedent therein, including:

- (a) 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 Company and ITC Hotels as required under the Companies Act, SEBI Scheme Circular and as may be directed by the National Company Law Tribunal, Kolkata Bench (“NCLT”), subject to any dispensation that may be granted by the NCLT.



- (b) the fulfilment, satisfaction or waiver (as the case may be) of any approvals mutually agreed by the Companies as being required for completion of the transactions contemplated under the Scheme.
- (c) receipt of observation or no-objection letter by the Company from the SEBI / Stock Exchanges under Regulation 37 of the SEBI LODR Regulations, in accordance with the SEBI Scheme Circular in respect of the Scheme, on terms acceptable to the Companies.
- (d) 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.
- (e) the certified/authenticated copies of the Sanction Order(s) of the NCLT approving the Scheme being filed with the Registrar of Companies.

2.7 Rationale of the Scheme

2.7.1 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.

2.7.2 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.

2.8 Need for the arrangement

The Company is engaged in various businesses including Hotels Business. The 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, while continuing to leverage ITC's institutional strengths, strong brand equity and goodwill.

It is therefore proposed to segregate the Hotels Business from the remaining business undertaken by the Company through the proposed Scheme.

Scheme will result in the listing of ITC Hotels as a separate entity for Hotels Business which *inter-alia* will:

- (i) facilitate independent pursuit of accelerated growth with sharper focus on the business based on a differentiated strategy aligned with industry dynamics;
 - (ii) provide the shareholders of the Company, the option and flexibility to remain invested in a pure play hospitality focused listed entity;
 - (iii) enable the independent company to operate with an optimal capital structure and attract different set of investors, strategic partners, lenders and other stakeholders having specific interest in the Hotels Business and as well allow potential investors and other shareholders the option of being associated with business of their choice;
 - (iv) unlock value for the shareholders.
- 

2.9 Synergies of business of the entities involved in the Scheme

The demerger will create a separate listed company comprising the Hotels Business thereby unlocking the potential value of the Hotels Business for the Company's shareholders. Since ITC will continue to hold appx. 40% stake in ITC Hotels post Demerger, it will ensure long term stability apart from providing strategic support to ITC Hotels.

ITC Hotels will continue to leverage on ITC's brand reputation, sustainability credentials, talent pool, digital capabilities, robust governance, systems & processes, sourcing quality products etc. through suitable arrangements and institutional mechanisms. Similarly, 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. Thus, the proposed Demerger is expected to provide synergistic benefits to both ITC and ITC Hotels.


2.10 Impact of the Scheme on the shareholders of the Company

- (i) The Scheme by way of segregating Hotels Business is expected to be beneficial to the shareholders of the Company as it would enable crafting of the next horizon of growth and sustained value creation for shareholders.
- (ii) All the shareholders of the Company shall, upon Demerger be the ultimate beneficial economic owners of ITC Hotels and upon allotment of equity shares of ITC Hotels as per Share Entitlement Ratio recommended under the SER Report, the ultimate beneficial economic interest of the shareholders in the share capital of ITC Hotels shall be the same as in the share capital of the Company. That is, shareholders of the Company will have direct interest over ITC Hotels through the approx. 60% of the share capital proposed to be issued by ITC Hotels (*in the same proportion as they hold shares in the Company*) and approx. 40% of the interest in ITC Hotels will be held indirectly through their shareholding in the Company.
- (iii) Further, the shareholders of the Company will have the option and flexibility to remain invested in a pure play hospitality focused listed entity. The shareholders of the Company will also *inter-alia* benefit from the Company's strategic support to ITC Hotels, long term stability of ITC Hotels under the proposed demerger and continued access to synergies for both the Company and ITC Hotels.

Thus, the Scheme is expected to be beneficial to the shareholders of the Company.

2.11 Cost benefit analysis of the Scheme

The Audit Committee is of the view that the benefits of the Scheme for the Company and its stakeholders as stated in para 2.7, 2.8 and 2.9 above would far outweigh the transaction costs relating to its implementation.



3. Recommendation of the Audit Committee

- 3.1** The Audit Committee has reviewed the SER Report and noted the recommendations that the proposed Share Entitlement Ratio is fair and reasonable. Further, the Fairness Opinion has confirmed the recommended Share Entitlement Ratio in the SER Report as being fair to the shareholders of the Company.
- 3.2** Taking into consideration the draft Scheme, SER Report, Fairness Opinion, need for the Scheme, rationale of the Scheme, synergies of business of the entities involved in the Scheme, impact of the Scheme on the shareholders, cost benefit analysis of the Scheme, and other relevant documents, as placed, the Audit Committee, after due deliberation and consideration, recommends the draft Scheme for favourable consideration and approval by the Board of Directors of the Company, Stock Exchanges, SEBI and other appropriate authorities.



(A. Duggal)

Chairman - Audit Committee

DIN: 00024262

Date: 14th August, 2023

Place: Kolkata

National Stock Exchange Of India Limited

Ref: NSE/LIST/37298

October 10, 2023

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

Kind Attn.: Mr. Rajendra Kumar Singhi

Dear Sir,

Sub: Requirements for seeking observation on draft scheme of arrangement amongst ITC Limited (Demerged Company) and ITC Hotels Limited (Resulting Company) and their respective shareholders and creditors pursuant to the provisions of sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

This is with reference to your application for draft scheme of arrangement amongst ITC Limited (Demerged Company) and ITC Hotels Limited (Resulting Company) and their respective shareholders and creditors pursuant to the provisions of sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

With reference to the response provided by the Company vide letter dated 06-Oct-2023, kindly provide the below mentioned document/ clarification.

1. In point no.2, the write up on the history of the demerged undertaking/ Transferor Company certified by Chartered Accountant (CA) is required to be provided. It has been noticed that the Company has provided the history of the Resulting company. Kindly provide the same for Demerged Company i.e. ITC Limited.
2. In point no.4, it has been observed that the Company has provided the Statutory Auditors certificate confirming the compliance of the accounting treatment as specified in SEBI Master Circular. Whereas you are required to provide the reasons along with relevant provisions of Companies Act, 2013 or applicable laws for proposed utilization of reserves viz. Capital Reserve, Capital Redemption Reserve, Securities premium, as a free reserve, certified by CA (*If applicable*).
3. It has been observed that the Company has provided confirmation only for regulatory action taken/pending against all the entities under securities laws. Kindly provide the details of any action taken/pending by Govt./Regulatory body/ Agency against all the entities involved in the scheme.

We would be in a position to take necessary action at our end on receipt of the above documents/details.

Yours faithfully,
For National Stock Exchange of India Ltd.

Flora Matmari
Deputy Manager
Contact no.8452916958

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL
http://www.nseindia.com/corporates/content/further_issues.htm



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

17th October, 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 amongst ITC Limited ("ITC" or "Demerged Company"), ITC Hotels Limited ("ITC Hotels" or "Resulting Company"), and their respective shareholders and creditors in accordance with Sections 230 to 232 read with other applicable provisions of the Companies Act, 2013 ("Scheme")

Reference to your letter No. NSE/LIST/37298 dated 10th October, 2023, we hereby submit our response to your queries in seriatim, as follows:

- 1. In point no.2, the write up on the history of the demerged undertaking/ Transferor Company certified by Chartered Accountant (CA) is required to be provided. It has been noticed that the Company has provided the history of the Resulting company. Kindly provide the same for Demerged Company i.e. ITC Limited.**

The write up on the history of ITC (Demerged Company) and ITC's Hotels Business (Demerged Undertaking), duly certified by a Chartered Accountant, is annexed herewith.

- 2. In point no.4, it has been observed that the Company has provided the Statutory Auditors certificate confirming the compliance of the accounting treatment as specified in SEBI Master Circular. Whereas you are required to provide the reasons along with relevant provisions of Companies Act, 2013 or applicable laws for proposed utilization of reserves viz. Capital Reserve, Capital Redemption Reserve, Securities premium, as a free reserve, certified by CA (If applicable).**

Not applicable. The Scheme does not provide for utilization of Capital Reserve, Capital Redemption Reserve or Securities premium as a free reserve by the Demerged Company or the Resulting Company.

The accounting treatment provided in the Scheme in relation to proposed demerger of Hotels Business (Demerged Undertaking), including adjustments to reserves, has been confirmed by the auditor of the Demerged Company and the Resulting Company, in accordance with applicable accounting standards notified under Section 133 of the Companies Act, 2013 and other generally accepted accounting principle in India. The relevant certificates have been already submitted to NSE as part of our earlier submissions.

- 3. It has been observed that the Company has provided confirmation only for regulatory action taken/pending against all the entities under securities laws. Kindly provide the details of any action taken/pending by Govt./Regulatory body/ Agency against all the entities involved in the scheme.**

In connection with the above, we would like to advise the following:

Almost 26 years back, the Enforcement Directorate (ED) had carried out investigations under the Foreign Exchange Regulation Act, 1973 (FERA) against ITC and some of its past 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 Hon'ble 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 causes notices in the year 2015 and orders are 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 Hon'ble Calcutta High Court, while quashing petitions for balance 4 cases have been heard by Calcutta High Court and are pending.

Other than the above, no material action by any Govt./ Regulatory body / Agency has been taken or is pending against ITC.

As regards ITC Hotels, which is a new entity incorporated on 28th July, 2023, there is no action by any Govt./ Regulatory body / Agency taken or pending against the company.

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



(R. K. Singhi)

Executive Vice President &
Company Secretary



S. GUHA & ASSOCIATES

Chartered Accountants

Head Office :

16/1, GIRISH VIDYA RATNA LANE, KOLKATA-700 009

Ph : (033) 2360 9686, 2350-6991 • E-mail : sguhaassociates@gmail.com • Website : sguhaassociates.com

Branches :

KOLKATA NEW DELHI MUMBAI SILIGURI AGARTALA DEOGHAR PATNA GUWAHATI PORT BLAIR BOLPUR

17th October, 2023

To

ITC Limited,

Virginia House,

37, J.L. Nehru Road,

Kolkata -700071.

Subject: Certificate on History of ITC Limited and its Hotels Business in respect of the proposed Scheme of Arrangement among ITC Limited (hereinafter the "Company"), ITC Hotels Limited and their respective shareholders and creditors in accordance with Sections 230 to 232 of the Companies Act, 2013.

Sir,

The Board of Directors of the Company, at their meeting held on 14th August, 2023, approved the Scheme of Arrangement amongst the Company, ITC Hotels Limited and their respective Shareholders and Creditors (hereinafter the "Scheme") in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

In this regard, at the request of the Company, we have reviewed the history of the Company and its Hotels business as detailed in the Annexure, which we have initialled for the purpose of identification. The Annexure has been prepared by the Company for the purpose of submission to the National Stock Exchange of India Limited (NSE), BSE Limited (BSE) and The Calcutta Stock Exchange Limited (CSE) (collectively referred to as "Stock Exchanges"), Securities and Exchange Board of India (SEBI), National Company Law Tribunal (NCLT) and any other regulatory authorities in connection with the Scheme.

Considering the above-mentioned documents and information provided to us by the management, we hereby certify that the history of ITC Limited and its Hotels business as provided in the Annexure is proper and appropriate.

This certificate has been issued at the request of the Company for submission to the Stock Exchanges, SEBI, NCLT and any other regulatory authorities in connection with the Scheme. This certificate should be read together with Annexure attached herewith.

For S. Guha & Associates

Chartered Accountants

FRN:322493E

Mohammed Irfan Alam

Partner

M. No. 309255

UDIN: 23309255BGSXR07993

Kolkata





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

History of ITC Limited : Demerged Company

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 Limited ('ITC') is a public limited company within the meaning of the Companies Act, 2013, 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 Equity Shares of ITC are listed on the National Stock Exchange of India Limited, BSE Limited and The Calcutta Stock Exchange Limited and its Global Depository Receipts are listed on the Luxembourg Stock Exchange.

An Overview of ITC's Hotels Business : Demerged Undertaking

ITC'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, ITC acquired Vishwarama Hotels Ltd. (which was renamed as 'ITC Hotels Ltd.' in 1986). ITC Hotels Ltd. ('ITC Hotels') was subsequently listed on stock exchanges in 1993.

Till 2004, the ownership of the Hotels business was split between ITC, ITC Hotels and other subsidiaries/ group companies, with hotels that were owned by ITC 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 ITC) were amalgamated with ITC 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.

FMCG • HOTELS • PAPERBOARDS & PACKAGING • AGRIL-BUSINESS • INFORMATION TECHNOLOGY

Visit us at www.itcportal.com • Corporate Identity Number : L16005WB1910PLC001985 • e-mail : enduringvalue@itc.in





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.

The Hotels Business is witnessing strong interest amongst property owners in partnering with ITC. Today, ITC Hotels group is a preeminent hospitality chain in India with over 120 hotels, comprising more than 11,600 rooms across 70 destinations.

For ITC Limited

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



From: Flora Matmari (LISCO) <fmatmari@nse.co.in>
Sent: 23 November 2023 10:55
To: Lakshmana Raja Basa; R. K. Singhi
Cc: Dipti Chinchkhede (LISCO); Shiwani Mundhra (LISCO); Manish Kishnani (LISCO)
Subject: Query -Draft Scheme of Arrangement of ITC Limited

Received from external e-mail address (non ITC domain). Exercise caution while clicking any attachments or links!!!

Madam/Sir,

This is in reference to the captioned scheme.

In this regard, you are advised to provide the following:

1. Confirm whether Corporate Governance Report for the quarter ended September 30, 2023 is submitted by the company.
2. Details of action pending, if any, against promoters and directors of companies involved in the scheme by SEBI or any other Regulator.
3. NoCs received from the lending banks.
4. Detailed computation on debit balance of capital reserve, if any, and adjustment against corresponding credit balance of securities premium account in the books of ITC Hotels Ltd.

The above information may be provided by November 28, 2023.

Thanks & Regards,
Flora Matmari

Deputy Manager – Listing Approvals
National Stock Exchange of India Limited (NSE)
Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai – 400051
Contact no. : 8452916958
www.nseindia.com





ITC Limited
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30th November, 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 amongst ITC Limited ("ITC"), 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 from NSE on 23rd November, 2023, and our e-mail of 28th November, 2023, we hereby submit our response to your queries in seriatim, as follows:

1. Confirm whether Corporate Governance Report for the quarter ended September 30, 2023 is submitted by the company.

We hereby confirm that the Company has filed the Corporate Governance Report for the quarter ended 30th September, 2023 on 13th October, 2023 with all the stock exchanges where its shares are listed.

2. Details of action pending, if any, against promoters and directors of companies involved in the scheme by SEBI or any other Regulator.

ITC does not have a Promoter. Further, we would like to advise the following in respect of ITC (as Promoter of ITC Hotels):

Almost 26 years back, the Enforcement Directorate (ED) had carried out investigations under the Foreign Exchange Regulation Act, 1973 (FERA) against ITC and some of its past 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 Hon'ble 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 are 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 Hon'ble Calcutta High Court, while quashing petitions for balance 4 cases have been heard by Calcutta High Court and are pending.

Other than the above, no material action by SEBI or any other Regulator has been taken or is pending against ITC or any of its directors.

We also confirm that no action by SEBI or any other Regulator is pending against ITC Hotels or any of its directors.

3. NoCs received from the lending banks.

The required NOCs received from the lending banks are enclosed and marked **Annexure I**.

4. Detailed computation on debit balance of capital reserve, if any, and adjustment against corresponding credit balance of securities premium account in the books of ITC Hotels Ltd.

In terms of the Scheme, Clause 19.2.2 (ii) provides that the excess of the fair value of the equity shares issued by ITC Hotels (Resulting Company) over the face value of the equity shares issued shall be classified as Securities Premium under the head Other Equity in the books of ITC Hotels.

Further, Clause 19.2.2 (iii) of the Scheme, dealing with the determination of Capital Reserve in the books of ITC Hotels pursuant to the scheme, provides that the difference between the fair value of the equity shares issued by ITC Hotels to the shareholders of ITC and the book value of the assets and liabilities of the Hotels Business (Demerged Undertaking) will be debited or credited, as the case may be, to equity and classified as Capital Reserve under the head Other Equity.

The debit balance of Capital Reserve, if any, arising pursuant to the Scheme shall be then adjusted to the Securities Premium Account arising pursuant to the Scheme, in terms of Clause 19.2.3 of the Scheme.

It is to be noted that the above amounts will be determined as of the 'Appointed Date'. The Appointed Date is same as 'Effective Date' of the Scheme in terms of Clause 5.1(iii) of the Scheme. Since the said date is yet to occur, the accounting balances in the books of ITC Hotels will be determined subsequently as of the Effective Date.

In view of the above, we are not in a position to provide the computation of debit balance of Capital Reserve, if any, and adjustment thereof against the credit balance of the Securities Premium account as on date.



It is clarified that the accounting treatment mentioned in the Scheme is in accordance with the Companies Act, 2013 and applicable Ind AS, and has been certified by the statutory auditors of ITC and ITC Hotels, respectively.

It is also clarified that as on date, there is no Capital Reserve or Securities Premium account in the books of ITC Hotels; as such the Scheme will have no effect on the existing balances of the said reserves.

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

RAJENDRA
KUMAR
SINGHI

Digitally signed by
RAJENDRA KUMAR
SINGHI
Date: 2023.11.30
16:16:33 +05'30'

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

Encl.: a/a

Form of Consent Letter

Ref No: AXISB/MWBC/KOL/2023-24/519

Date: 24.08.2023

To,

ITC Limited
Virginia House,
37 Jawaharlal Nehru Road,
Kolkata – 700071
West Bengal

Dear Sir/ Ma'am,

Re: Consent Letter for scheme of arrangement amongst ITC Limited (“Company”) and ITC Hotels Limited (“ITC Hotels”) and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules made thereunder (“Scheme”).

Subj: Your letter dated 24.08.2023 (“Request Letter”)

1. We refer to your Request Letter requesting consent/no objection in respect of the Scheme.
2. Subject to Paragraph 3 below, pursuant to the Finance Documents and in terms of paragraph A.2(k) of Part I of SEBI Master Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, we hereby provide our no objection to the Scheme and all transactions therein, and unconditionally confirm that the Company may implement the Scheme and undertake all such acts and things as may be required and expedient to give effect to the Scheme, notwithstanding the terms of the Finance Documents.
3. The consent provided in Paragraph 2 above shall be subject to the following conditions:
 - (a) all our rights under the Facility and the Finance Documents remaining unchanged and in full force and effect (except as we have otherwise specifically agreed hereunder); and
 - (b) making any requisite statutory filings, including any forms with the relevant Registrar of Companies, as may be required to give effect to the Scheme.
4. The Company may submit this letter to the BSE, NSE, CSE, SEBI, NCLT and other regulatory authorities, as may be required, to evidence our consent/no objection to the Scheme and the transactions contemplated therein.
5. This letter shall be deemed to form a part of and shall not be read in conflict with the terms of the Finance Documents. Capitalised terms used but not defined herein, shall have the meaning ascribed to such terms in the Request Letter or in the Scheme, as the case may be.

Thank you.

Yours faithfully
[Axis Bank Ltd]




Authorized Signatory
Name: Vikash Agarwal
Designation: AVP



Form of Consent Letter

Date: 22nd August 2023

To,

ITC Limited
Virginia House,
37 Jawaharlal Nehru Road,
Kolkata – 700071
West Bengal

Attention: S Suresh Kumar

Dear Sir/ Ma'am,

Re: Consent Letter for scheme of arrangement amongst ITC Limited (“Company”) and ITC Hotels Limited (“ITC Hotels”) and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules made thereunder (“Scheme”).

Subj: Your letter dated 21st August 2023 (“Request Letter”)

1. We refer to your Request Letter requesting consent/no objection in respect of the Scheme.
2. Subject to Paragraph 3 below, pursuant to the Finance Documents and in terms of paragraph A.2(k) of Part I of SEBI Master Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, we hereby provide our no objection to the Scheme and all transactions therein, and unconditionally confirm that the Company may implement the Scheme and undertake all such acts and things as may be required and expedient to give effect to the Scheme, notwithstanding the terms of the Finance Documents.
3. The consent provided in Paragraph 2 above shall be subject to the following conditions:
 - (a) all our rights under the Facility and the Finance Documents remaining unchanged and in full force and effect (except as we have otherwise specifically agreed hereunder); and
 - (b) ~~making any~~ requisite statutory filings, including any forms with the relevant Registrar of Companies, as may be required to give effect to the Scheme.



Citibank N.A.
Corporate & Investment Banking
FIFC, 14th Floor
C-54 & C-55, G Block
Bandra Kurla Complex
Bandra (East)
Mumbai 400 051, India

T +91 22 6175 7999
F +91 22 4006 5847



4. The Company may submit this letter to the BSE, NSE, CSE, SEBI, NCLT and other regulatory authorities, as may be required, to evidence our consent/no objection to the Scheme and the transactions contemplated therein.
5. This letter shall be deemed to form a part of and shall not be read in conflict with the terms of the Finance Documents. Capitalised terms used but not defined herein, shall have the meaning ascribed to such terms in the Request Letter or in the Scheme, as the case may be.

Thank you.

Yours faithfully
Citibank N.A.,

A handwritten signature in black ink that reads "Priyank".



Authorized Signatory
Name: Priyank Daga
Designation: Director

We understand your world

Ref No: HDFC/2023/1

Date: 22-Aug-23

To,

ITC Limited
Virginia House,
37 Jawaharlal Nehru Road,
Kolkata – 700071
West Bengal

HDFC Bank House,
3A, Gurusaday Road,
Kolkata - 700019.
Tel. : 033 - 6638 4113 - 19

Attention: Mr. Aditya Marodia, GM – Corporate Treasury

Dear Sir/ Ma'am,

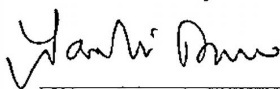
Re: Consent Letter for scheme of arrangement amongst ITC Limited (“Company”) and ITC Hotels Limited (“ITC Hotels”) and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules made thereunder (“Scheme”).

Subj: Your letter dated 21-Aug-23 (“Request Letter”)

1. We refer to your Request Letter requesting consent/no objection in respect of the Scheme.
2. Subject to Paragraph 3 below, pursuant to the Finance Documents and in terms of paragraph A.2(k) of Part I of SEBI Master Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, we hereby provide our no objection to the Scheme and all transactions therein, and unconditionally confirm that the Company may implement the Scheme and undertake all such acts and things as may be required and expedient to give effect to the Scheme, notwithstanding the terms of the Finance Documents.
3. The consent provided in Paragraph 2 above shall be subject to the following conditions:
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 - (b) making any requisite statutory filings, including any forms with the relevant Registrar of Companies, as may be required to give effect to the Scheme.
4. The Company may submit this letter to the BSE, NSE, CSE, SEBI, NCLT and other regulatory authorities, as may be required, to evidence our consent/no objection to the Scheme and the transactions contemplated therein.
5. This letter shall be deemed to form a part of and shall not be read in conflict with the terms of the Finance Documents. Capitalised terms used but not defined herein, shall have the meaning ascribed to such terms in the Request Letter or in the Scheme, as the case may be.

Thank you.

Yours faithfully



Authorized Signatory

www.hdfcbank.com



Date: 28 August 2023

To,
ITC Limited
Virginia House,
37 Jawaharlal Nehru Road,
Kolkata – 700071
West Bengal
Attention: Mr. S. Sureshkumar

Dear Sir/ Ma'am,

Re: Consent Letter for scheme of arrangement amongst ITC Limited (“Company”) and ITC Hotels Limited (“ITC Hotels”) and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules made thereunder (“Scheme”).

Subj: Your letter dated 21 August 23 (“Request Letter”)

1. We refer to your Request Letter requesting consent/no objection in respect of the Scheme.
2. Subject to Paragraph 3 below, pursuant to the Finance Documents and in terms of paragraph A.2(k) of Part I of SEBI Master Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, we hereby provide our no objection to the Scheme and all transactions therein, and unconditionally confirm that the Company may implement the Scheme and undertake all such acts and things as may be required and expedient to give effect to the Scheme, notwithstanding the terms of the Finance Documents.
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 - (a) all our rights under the Facility and the Finance Documents remaining unchanged and in full force and effect (except as we have otherwise specifically agreed hereunder); and
 - (b) making any requisite statutory filings, including any forms with the relevant Registrar of Companies, as may be required to give effect to the Scheme.
4. The Company may submit this letter to the BSE, NSE, CSE, SEBI, NCLT and other regulatory authorities, as may be required, to evidence our consent/no objection to the Scheme and the transactions contemplated therein.
5. This letter shall be deemed to form a part of and shall not be read in conflict with the terms of the Finance Documents. Capitalised terms used but not defined herein, shall have the meaning ascribed to such terms in the Request Letter or in the Scheme, as the case may be.

Thank you.

Yours faithfully,
The Hongkong and Shanghai Banking Corporation Limited

Signed by: Ameet Sheth, MD & Head of Large Local Corporates, West & East India, Global Banking.

The Hongkong and Shanghai Banking Corporation Limited
52/60, Mahatma Gandhi Road, Fort, Mumbai - 400001, India.
email: info@hsbc.co.in,
www.hsbc.co.in

Incorporated in Hong Kong SAR with limited liability

Form of Consent Letter

LCG234952203490

August 23, 2023

To,
ITC Limited
Virginia House,
37 Jawaharlal Nehru Road,
Kolkata – 700071
West Bengal

Attention: Mr. Suresh Kr. S, Treasury Head

Dear Sir/ Ma'am,

Re: Consent Letter for scheme of arrangement amongst ITC Limited (“Company”) and ITC Hotels Limited (“ITC Hotels”) and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules made thereunder (“Scheme”).

Subj: Your letter dated August 22, 2023 (“Request Letter”)

1. We refer to your Request Letter requesting consent/no objection in respect of the Scheme.
2. Subject to Paragraph 3 below, pursuant to the Finance Documents and in terms of paragraph A.2(k) of Part I of SEBI Master Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, we hereby provide our no objection to the Scheme and all transactions therein, and unconditionally confirm that the Company may implement the Scheme and undertake all such acts and things as may be required and expedient to give effect to the Scheme, notwithstanding the terms of the Finance Documents.
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 - (b) making any requisite statutory filings, including any forms with the relevant Registrar of Companies, as may be required to give effect to the Scheme.
4. The Company may submit this letter to the BSE, NSE, CSE, SEBI, NCLT and other regulatory authorities, as may be required, to evidence our consent/no objection to the Scheme and the transactions contemplated therein.



ICICI Bank Limited
3A, Gurusaday Road,
Kolkata – 700 019,
West Bengal, India.

Website www.icicibank.com
CIN :L65190GJ1994PLC021012

Regd. Office : ICICI Bank Tower, Near Chakli Circle,
Old Padra Road, Vadodara 390 007,
India.
Corp. Office : ICICI Bank Towers, Bandra-Kurla
Complex, Mumbai 400051, India.

5. This letter shall be deemed to form a part of and shall not be read in conflict with the terms of the Finance Documents. Capitalised terms used but not defined herein, shall have the meaning ascribed to such terms in the Request Letter or in the Scheme, as the case may be.

Thank you.
Yours faithfully

ICICI Bank Limited




Authorized Signatory

Name: Abhishek Agarwal

Designation: Senior Relationship Manager



Kotak Mahindra Bank

Form of Consent Letter

Ref No: M/CCG/2165

Date: 24th August 2023

To,

ITC Limited
Virginia House,
37 Jawaharlal Nehru Road,
Kolkata – 700071
West Bengal
Attention: Mr. Suresh Kumar

Dear Sir/ Ma'am,

Re: Consent Letter for scheme of arrangement amongst ITC Limited (“Company”) and ITC Hotels Limited (“ITC Hotels”) and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules made thereunder (“Scheme”).

Subj: Your letter dated 21st August, 2023 (“Request Letter”)

1. We refer to your Request Letter requesting consent/no objection in respect of the Scheme.
2. Subject to Paragraph 3 below, pursuant to the Finance Documents and in terms of paragraph A.2(k) of Part I of SEBI Master Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, we hereby provide our no objection to the Scheme and all transactions therein, and unconditionally confirm that the Company may implement the Scheme and undertake all such acts and things as may be required and expedient to give effect to the Scheme, notwithstanding the terms of the Finance Documents.
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 - (b) making any requisite statutory filings, including any forms with the relevant Registrar of Companies, as may be required to give effect to the Scheme.
4. The Company may submit this letter to the BSE, NSE, CSE, SEBI, NCLT and other regulatory authorities, as may be required, to evidence our consent/no objection to the Scheme and the transactions contemplated therein.



Kotak Mahindra Bank Ltd.
CIN: L00110MH1985PLC038137
3rd Floor, Plot No. C-27
G-Block, Bandra Kurla Complex
(BKC), Bandra (E)
Mumbai - 400 051, Maharashtra

T +91 022 61661350
www.kotak.com

Registered Office:
27 BKC, C 27, G Block,
Bandra Kurla Complex,
Bandra (E), Mumbai 400051,
Maharashtra, India.



Kotak Mahindra Bank

5. This letter shall be deemed to form a part of and shall not be read in conflict with the terms of the Finance Documents. Capitalised terms used but not defined herein, shall have the meaning ascribed to such terms in the Request Letter or in the Scheme, as the case may be.

Thank you.

Yours faithfully
For Kotak Mahindra Bank Limited

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

Sameeta R. Padmashali
Deputy Vice President



Kotak Mahindra Bank Ltd.

CIN: L65110MH1985PLC038137

27BKC, 3rd Floor, Plot No. C-27
G-Block, Bandra Kurla Complex
(BKC), Bandra (E)
Mumbai - 400 051, Maharashtra

T +91 022 61661350
www.kotak.com

Registered Office:

27 BKC, C 27, G Block,
Bandra Kurla Complex,
Bandra (E), Mumbai 400051,
Maharashtra, India.

To
ITC Limited
Virginia House,
37 Jawaharlal Nehru Road,
Kolkata – 700071
West Bengal
Attention: Mr. S. Suresh Kumar

Ref No: CCGK / AMT-I / 2023-24 / 140

Date: 24.08.2023

Dear Sir/ Ma'am,

Re: Consent Letter for scheme of arrangement amongst ITC Limited ("Company") and ITC Hotels Limited ("ITC Hotels") and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules made thereunder ("Scheme").
Subj: Your letter dated 21.08.2023 ("Request Letter")

1. We refer to your Request Letter requesting consent/no objection in respect of the Scheme.
2. Subject to Paragraph 3 below, pursuant to the Finance Documents and in terms of paragraph A.2(k) of Part I of SEBI Master Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, we hereby provide our no objection to the Scheme and all transactions therein, and unconditionally confirm that the Company may implement the Scheme and undertake all such acts and things as may be required and expedient to give effect to the Scheme, notwithstanding the terms of the Finance Documents.
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5. This letter shall be deemed to form a part of and shall not be read in conflict with the terms of the Finance Documents. Capitalised terms used but not defined herein, shall have the meaning ascribed to such terms in the Request Letter or in the Scheme, as the case may be.

Thank you.

Yours faithfully
For State Bank of India



Authorized Signatory
Name: Mr. Goutam Kumar Datta
Designation: AGM & RM, CCG Kolkata
bank.sbi



☎ DGM (033) 2288-8090
☎ AGM & COO (033) 2288-9690
☎ CM (COCS) (033) 2226-2257
☎ CM (IB) (033) 2226-9147
☎ CM (A&A) (033) 2226-9730
☎ (033) 2288-7037 / 2226-3058

বানিজ্যিক গ্রাহক সমূহ শাখা
শ্রীবৃদ্ধি ভবন, ৩য় তল
৩৪, জওহরলাল নেহরু রোড
কলকাতা-৭০০ ০৭১
শাখা কোড : ০৯৯৯৮

বাণিজ্যিক গ্রাহক সমূহ শাখা
শ্রীবৃদ্ধি ভবন, তিস্তারী মঞ্জীল
৩৪, জওহরলাল নেহরু রোড
কলকাতা - 700 071
শাখা কোড : 09998

Commercial Clients Group Branch
Sribiddhi Bhavan
2nd Floor
34, Jawaharlal Nehru Road
Kolkata - 700 071
Branch Code : 09998

Form of Consent Letter

Ref No: SCB/CRC/28082023/001

Date: 28th August 2023

To,
ITC Limited
Virginia House,
37 Jawaharlal Nehru Road,
Kolkata – 700071, West Bengal

Attention: Mr. S Suresh Kumar

Dear Sir/ Ma'am,

Re: Consent Letter for scheme of arrangement amongst ITC Limited (“Company”) and ITC Hotels Limited (“ITC Hotels”) and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules made thereunder (“Scheme”).

Subj: Your letter dated 21st August, 2023 (“Request Letter”)

1. We refer to your Request Letter requesting consent/no objection in respect of the Scheme.
2. Subject to Paragraph 3 below, pursuant to the Finance Documents and in terms of paragraph A.2(k) of Part I of SEBI Master Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, we hereby provide our no objection to the Scheme and all transactions therein, and unconditionally confirm that the Company may implement the Scheme and undertake all such acts and things as may be required and expedient to give effect to the Scheme, notwithstanding the terms of the Finance Documents.
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4. The Company may submit this letter to the BSE, NSE, CSE, SEBI, NCLT and other regulatory authorities, as may be required, to evidence our consent/no objection to the Scheme and the transactions contemplated therein.
5. This letter shall be deemed to form a part of and shall not be read in conflict with the terms of the Finance Documents. Capitalised terms used but not defined herein, shall have the meaning ascribed to such terms in the Request Letter or in the Scheme, as the case may be.

Thank you.

Yours faithfully
For **Standard Chartered Bank**



Authorized Signatory
Name: Sanjoy Chakraborty
Designation: Associate, Client Delivery

Standard Chartered Bank
Commercial Banking

Mumbai : Crescenzo, 3A/F Plot No. C - 38 & 39, G-Block, Bandra Kurla Complex, Mumbai - 400 051. Phone: 91 (0) 22 6115 7892/878
Gurgaon : Ground Floor, 7A, DLF Building, DLF Cyber City, Sector 24/25/25A, Gurgaon - 122 002. Phone: 91 (0) 124 487 6438/6410
Chennai : 19, Rajaji Salai, 3rd Floor, Chennai - 600 001. Phone: 91 (0) 44 2534 9038, 91 (0) 44 3044 9883
Kolkata : 19, Netaji Subhas Road, Kolkata - 700 001. Phone: 91 (0) 33 3912 0433/0262

Standard Chartered Bank is incorporated in England with limited liability by Royal Charter: 1853 Reference Number ZC18. The Principal Office of the Company is situated in England at 1 Basinghall Avenue, London, EC2V 5DD. Standard Chartered Bank is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority

From: [Flora Matmari \(LISCO\)](#)
To: [Lakshmana Raja Basa](#); [R. K. Singhi](#); [Rajesh Poddar](#)
Cc: [Shiwani Mundhra \(LISCO\)](#); [Mohit Nainani \(LISTAPPOLY\)](#); [Manish Kishnani \(LISCO\)](#); [Dipti Chinchkhede \(LISCO\)](#)
Subject: RE: Query -Draft Scheme of Arrangement of ITC Limited
Date: 13 December 2023 16:37:44
Attachments: [image001.jpg](#)

Received from external e-mail address (non ITC domain). Exercise caution while clicking any attachments or links!!!

Dear Sir,

With reference to the captioned matter, the following information is required to be submitted:

1. The basis for 40% shareholding by ITC Ltd. as a promoter in ITC Hotels Ltd. along with detailed rationale.
2. Impact on the economic interest of the public shareholders of ITC Ltd., if any, and details thereof.
3. What are the synergies, advantages and disadvantages of the proposed scheme.

Thanks & Regards,
Flora Matmari

Deputy Manager – Listing Approvals
National Stock Exchange of India Limited (NSE)
Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai – 400051
Contact no. : 8452916958
www.nseindia.com





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

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.

- 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 Digitally signed
by RAJENDRA
A KUMAR KUMAR SINGHI
SINGHI Date: 2023.12.20
17:52:48 +05'30'

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

From: [Shiwani Mundhra \(LISCO\)](#)
To: [R. K. Singhi](#); [Lakshmana Raja Basa](#); [Rajesh Poddar](#)
Cc: [Dipti Chinchkhede \(LISCO\)](#); [Flora Matmari \(LISCO\)](#)
Subject: FW: Information req. - NSE - NOC for the Draft Scheme of Arrangement of ITC Limited
Date: 01 January 2024 17:00:45
Attachments: [image001.jpg](#)
Importance: High

Received from external e-mail address (non ITC domain). Exercise caution while clicking any attachments or links!!!

Non-Confidential

From: Shiwani Mundhra (LISCO)
Sent: Thursday, December 28, 2023 12:55 PM
To: rajesh.poddar@itc.in
Cc: [Dipti Chinchkhede \(LISCO\) <DChinchkhede@nse.co.in>](mailto:DChinchkhede@nse.co.in); [Flora Matmari \(LISCO\) <fmatmari@nse.co.in>](mailto:fmatmari@nse.co.in)
Subject: Information req. - NSE - NOC for the Draft Scheme of Arrangement of ITC Limited
Importance: High

Madam,

With reference to the captioned matter, in relation to reduction of securities premium in the books of resulting company (IHL) (as mentioned in para 20 of the scheme of arrangement), you are advised to obtain certificate from Chartered Accountant confirming/explaining -

1. The creation and reduction of securities premium is in compliance with all the applicable sections of companies act along with explanation (mentioning the relevant sections) for the same;
2. The accounting treatment of securities premium or adjustment of capital reserve against securities premium is in compliance with all the applicable Accounting Standards notified under companies act and other generally accepted accounting principles in India.
3. Accounting treatment of equity share capital of Rs.83 crore by ITC Ltd. for both pre and post scheme implementation, in the books of ITC Ltd.

The above information may be provided **urgently**.

Thanks & Regards
Shiwani Mundhra
Deputy Manager - Listing Approvals
National Stock Exchange of India Limited (NSEIL)
Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai – 400051, India
Web: www.nseindia.com | Mobile No. +91 8100320030





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

4th January, 2024

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. Shiwani Mundhra, Deputy Manager

Dear Madam,

Sub: Proposed Scheme of Arrangement amongst ITC Limited, ITC Hotels Limited, and their respective shareholders and creditors in accordance with Sections 230 to 232 read with other applicable provisions of the Companies Act, 2013 ("Scheme")

Reference your email dated 28th December, 2023, enclosed please find a Certificate from Chartered Accountant confirming / explaining the clarifications sought by NSE.

We request you to provide us with "No Objection Letter" at the earliest.

Yours faithfully,
ITC Limited

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

Encl: as above



S. GUHA & ASSOCIATES

Chartered Accountants

Head Office :

16/1, GIRISH VIDYA RATNA LANE, KOLKATA-700 009

Ph : (033) 2360 9686, 2350-6991 • E-mail : sguhaassociates@gmail.com • Website : sguhaassociates.com

Branches :

KOLKATA NEW DELHI MUMBAI SILIGURI AGARTALA DEOGHAR PATNA GUWAHATI PORT BLAIR BOLPUR

4th January, 2024

To

ITC Limited,
Virginia House,
37, J.L. Nehru Road,
Kolkata -700071.

Sub: Certificate on additional clarifications in relation to the proposed Scheme of Arrangement amongst ITC Limited ("ITC" or "Demerged Company"), ITC Hotels Limited ("ITC Hotels" or "Resulting Company"), and their respective shareholders and creditors in accordance with Sections 230 to 232 read with other applicable provisions of the Companies Act, 2013 ("Scheme")

Sir,

The Board of Directors of ITC Limited ('the Company'), at their meeting held on 14th August, 2023, approved the Scheme of Arrangement amongst the Company, ITC Hotels Limited and their respective Shareholders and Creditors (hereinafter the "Scheme") in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

With respect to the application made with National Stock Exchange of India Limited (NSE), BSE Limited (BSE) and The Calcutta Stock Exchange Limited (CSE) (collectively referred to as "Stock Exchanges") and Securities and Exchange Board of India (SEBI), under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has prepared certain additional clarifications in response to the query dated December 28, 2023 from NSE.

At the request of the Company, we have reviewed the said additional clarifications (as provided in the **Annexure** and initialed by us for the purpose of identification) on the following aspects -

- i. creation and reduction of securities premium as provided in the Scheme;
- ii. accounting treatment of securities premium and adjustment of capital reserve (if any) against securities premium as provided in the Scheme;
- iii. accounting treatment of equity share capital of ₹ 83 crores held by the Company in ITC Hotels, both pre and post scheme implementation, in the books of ITC.

In this regard, we have reviewed the following -

- i. Clarifications/statements contained in the **Annexure** with respect to the Scheme;





S. GUHA & ASSOCIATES

Chartered Accountants

Head Office :

16/1, GIRISH VIDYA RATNA LANE, KOLKATA-700 009

Ph : (033) 2360 9686, 2350-6991 • E-mail : sguhaassociates@gmail.com • Website : sguhaassociates.com

Branches :

KOLKATA NEW DELHI MUMBAI SILIGURI AGARTALA DEOGHAR PATNA GUWAHATI PORT BLAIR BOLPUR

- ii. Relevant provisions of Companies Act, 2013 ('Act'), including Sections 52, 66 and 230 of the Act;
- iii. 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 and other Generally Accepted Accounting Principles in India.

Considering the above-mentioned documents and information provided to us by the management, we hereby certify that the clarifications/statements provided in the Annexure with regard to the Scheme are in compliance with all the applicable sections of Companies Act, 2013, applicable Accounting Standards notified under the Act and other Generally Accepted Accounting Principles in India.

This certificate has been issued at the request of the Company for submission to the Stock Exchanges, SEBI, NCLT and any other regulatory authorities in connection with the Scheme. This certificate should be read together with Annexure attached herewith.

For S. Guha & Associates

Chartered Accountants

FRN:322493E

Sourabh Mitra

Sourabh Mitra

Partner

M. No. 308743

UDIN: 24308743BKAUMB6828

Kolkata



Annexure

Additional clarifications in relation to the proposed Scheme of Arrangement amongst ITC Limited (“ITC” or “Demerged Company”), ITC Hotels Limited (“ITC Hotels” or “Resulting Company”), and their respective shareholders and creditors in accordance with Sections 230 to 232 read with other applicable provisions of the Companies Act, 2013 (“Scheme”)

1. The creation and reduction of securities premium is in compliance with all the applicable sections of companies act along with explanation (mentioning the relevant sections) for the same

The creation of securities premium in the books of ITC Hotels, as mentioned in Clause 19.2.2(ii) of the Scheme, is in compliance with Section 52 of the Companies Act, 2013 (‘Act’) which, inter alia, requires that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to a “securities premium account”.

The reduction of securities premium, if any, in terms of Clause 19.2.3 of the Scheme, is in compliance with the provisions of Section 52 read with Explanation 2 to Section 230 of the Act.

- In terms of Clause 19.2.3 of the Scheme, the debit balance of Capital Reserve, if any, shall be adjusted against the corresponding credit balance of securities premium account in the books of ITC Hotels.
- As per Clause 20 of the Scheme, the said reduction and utilization of the securities premium account of ITC Hotels as specified in Clause 19.2.3, shall be effected as an integral part of the Scheme, in accordance with the provisions of Sections 230 to 232 of the Act. 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.
- It may be noted that explanation to Section 230 of the Act states “*the provisions of Section 66 shall not apply to the reduction of share capital effected in pursuance of the order of the Tribunal under this section*”.

Relevant extracts of Sections 52, 66 and 230 of the Act are enclosed herewith for ease of reference.



2. **The accounting treatment of securities premium or adjustment of capital reserve against securities premium is in compliance with all the applicable Accounting Standards notified under companies act and other generally accepted accounting principles in India**

The accounting treatment (including the accounting treatment of securities premium) provided in the Scheme is in compliance with the 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, and other Generally Accepted Accounting Principles in India.

The same has also been confirmed vide Independent Auditor's Certificate dated August 14, 2023 issued by S.R. Batliboi & Co. LLP.

3. **Accounting treatment of equity share capital of Rs. 83 crores by ITC Ltd. for both pre and post scheme implementation, in the books of ITC Ltd.**

Pre-Scheme

The shares subscribed by ITC in the equity share capital of ITC Hotels, aggregating Rs. 83 crores, has been recorded as 'Non-current Investments' in the books of ITC in terms of Schedule III of the Act and Ind AS 1 – Presentation of Financial Statements read with Ind AS 27 – Separate Financial Statements.

Post-Scheme

The said investment in ITC Hotels will continue to be shown as 'Non-Current Investments' in the books of ITC after the Scheme becomes effective.

It may be noted that the Scheme, including the treatment provided in points 1 to 3 above, is subject to the final approval of the shareholders of ITC and ITC Hotels and the National Company Law Tribunal.

Yours faithfully,
ITC Limited


Authorised Signatory
Date: 4th January, 2024



Relevant Extracts of Sections 52, 66 and 230 of Companies Act, 2013

52. Application of premiums received on issue of shares.

“(1) Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to a “securities premium account” and the provisions of this Act relating to reduction of share capital of a company shall, except as provided in this section, apply as if the securities premium account were the paid-up share capital of the company.

(2) Notwithstanding anything contained in sub-section (1), the securities premium account may be applied by the company—

(a) towards the issue of unissued shares of the company to the members of the company as fully paid bonus shares;

(b) in writing off the preliminary expenses of the company;

(c) in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company;

(d) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the company; or

(e) for the purchase of its own shares or other securities under section 68. ...”

66. Reduction of share capital.

“(1) Subject to confirmation by the Tribunal on an application by the company, a company limited by shares or limited by guarantee and having a share capital may, by a special resolution, reduce the share capital in any manner and in, particular, may—

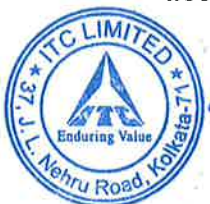
(a) extinguish or reduce the liability on any of its shares in respect of the share capital not paid-up; or

(b) either with or without extinguishing or reducing liability on any of its shares,—

(i) cancel any paid-up share capital which is lost or is unrepresented by available assets; or

(ii) pay off any paid-up share capital which is in excess of the wants of the company,

alter its memorandum by reducing the amount of its share capital and of its shares accordingly: ...”



230. Power to Compromise or Make Arrangements with Creditors and members.

“(1) Where a compromise or arrangement is proposed—

- (a) between a company and its creditors or any class of them; or*
- (b) between a company and its members or any class of them,*

the Tribunal may, on the application of the company or of any creditor or member of the company, or in the case of a company which is being wound up, of the liquidator, appointed under this Act or under the Insolvency and Bankruptcy Code, 2016, as the case may be, order a meeting of the creditors or class of creditors, or of the members or class of members, as the case may be, to be called, held and conducted in such manner as the Tribunal directs.

Explanation.—For the purposes of this sub-section, arrangement includes a reorganisation of the company’s share capital by the consolidation of shares of different classes or by the division of shares into shares of different classes, or by both of those methods.

....

Explanation.—For the removal of doubts, it is hereby declared that the provisions of section 66 shall not apply to the reduction of share capital effected in pursuance of the order of the Tribunal under this section.”



From: Prasad Bhide <prasad.bhide@bseindia.com>

Sent: 05 October 2023 12:04 PM

To: R. K. Singhi <Rajendra.Singhi@itc.in>

Cc: BSE Schemes <bse.schemes@bseindia.com>

Subject: ITC LTD.-Additional Requirements

*****Received from external e-mail address (non ITC domain). Exercise caution while clicking any attachments or links!!!*****

Dear Team,

Please submit the following documents, please mention NA where not applicable:

1. Apportionment of losses of the listed company among the companies involved in the scheme.
2. Details of assets, liabilities, revenue and net worth of the companies involved in the scheme, both pre and post scheme of arrangement, along with a write up on the history of the demerged undertaking/Transferor Company certified by Chartered Accountant (CA).
3. Any type of arrangement or agreement between the demerged company/resulting company/merged/amalgamated company/ creditors / shareholders / promoters / directors/etc., which may have any implications on the scheme of arrangement as well as on the shareholders of listed entity.
4. Reasons along with relevant provisions of Companies Act, 2013 or applicable laws for proposed utilization of reserves viz. Capital Reserve, Capital Redemption Reserve, Securities premium, as a free reserve, certified by CA.
5. Built up for reserves viz. Capital Reserve, Capital Redemption Reserve, Securities premium, certified by CA.
6. Nature of reserves viz. Capital Reserve, Capital Redemption Reserve, whether they are notional and/or unrealized, certified by CA.
7. The built up of the accumulated losses over the years, certified by CA.
8. Relevant sections of Companies Act, 2013 and applicable Indian Accounting Standards and Accounting treatment, certified by CA.
9. Details of shareholding of companies involved in the scheme at each stage, in case of composite scheme.
10. Whether the Board of unlisted company has taken the decision regarding issuance of Bonus shares. If yes provide the details thereof.
11. List of comparable companies considered for comparable companies' multiple method.
12. Share Capital built-up in case of scheme of arrangement involving unlisted entity/entities, certified by CA.
13. Any action taken/pending by Govt./Regulatory body/Agency against all the entities involved in the scheme.
14. Comparison of revenue and net worth of demerged undertaking with the total revenue and net worth of the listed entity in last three financial years.
15. Detailed rationale for arriving at the swap ratio for issuance of shares as proposed in the draft scheme of arrangement by the Board of Directors of the listed company.
16. In case of Demerger, basis for division of assets and liabilities between divisions of

- Demerged entity.
17. How the scheme will be beneficial to public shareholders of the Listed entity and details of change in value of public shareholders pre and post scheme of arrangement.
 18. Tax/other liability/benefit arising to the entities involved in the scheme, if any.
 19. Comments on the Accounting treatment specified in the scheme to conform whether it is in compliance with the Accounting Standards/Indian Accounting Standards.
 20. Revenue, PAT and EBIDTA (in value and percentage terms) details of entities involved in the scheme for all the number of years considered for valuation. Reasons justifying the EBIDTA/PAT margin considered in the valuation report.
 21. Confirmation that the valuation done in the scheme is in accordance with applicable valuation standards.
 22. Confirmation that the scheme is in compliance with the applicable securities laws.
 23. Confirmation that the arrangement proposed in the scheme is yet to be executed.

Regards,

Prasad Bhide

Senior Manager
Listing Operations Further Issues

BSE Limited, P J Towers, Dalal Street, Mumbai -400001, India
Phone (Direct) : 22728388
Mobile : 9930807883

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This mail is classified as 'BSE - PUBLIC' by prasad.bhide on October 05, 2023 at 12:03:52.

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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

6th October, 2023

The Senior Manager
Department of Corporate Services
BSE Limited (“BSE”)
P.J. Towers, Dalal Street
Mumbai 400 001

Attn: Mr. Prasad Bhide, Senior Manager

Dear Sir,

Sub: Proposed Scheme of Arrangement amongst ITC Limited (“ITC” or “Demerged Company”), ITC Hotels Limited (“ITC Hotels” or “Resulting Company”), and their respective shareholders and creditors in accordance with Sections 230 to 232 read with other applicable provisions of the Companies Act, 2013 (“Scheme”)

Reference e-mail received from BSE on 5th October, 2023, the additional documents / information as required are enclosed herewith.

We will be glad to provide any further clarification that you may require in this regard.

We would request you to provide us with “No Objection Letter” at the earliest.

Yours faithfully,
ITC Limited

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

Enclosed: a/a

Additional information to be submitted along with the Scheme

Sr. No.	Particulars	Yes/No/NA
1.	Apportionment of losses of the listed company among the companies involved in the scheme.	Not applicable. The Demerged Company does not have any losses.
2.	Details of assets, liabilities, revenue and net worth of the companies involved in the scheme, both pre and post scheme of arrangement, along with a write up on the history of the demerged undertaking/ Transferor Company certified by Chartered Accountant (CA).	Enclosed as Annexure 1.
3.	Any type of arrangement or agreement between the demerged company/ resulting company/ merged/ amalgamated company/ creditors/ shareholders/ promoters/ directors/ etc., which may have any implications on the scheme of arrangement as well as on the shareholders of listed entity.	There are no arrangement or agreement between the demerged company / resulting company/ creditors/ shareholders/ directors etc. other than as provided in the Scheme.
4.	Reasons along with relevant provisions of Companies Act, 2013 or applicable laws for proposed utilization of reserves viz. Capital Reserve, Capital Redemption Reserve, Securities premium, as a free reserve, certified by CA.	The accounting treatment specified in clause 19 of the Scheme, including treatment of reserves of the Demerged Company and Resulting Company is in compliance with applicable Accounting Standards notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, and generally accepted accounting principles in India. The same has been certified by the respective Statutory Auditor of the companies involved in the Scheme. The said Certificates are enclosed as Annexure 2A and 2B.
5.	Built up for reserves viz. Capital Reserve, Capital Redemption Reserve, Securities premium, certified by CA.	Enclosed as Annexure 3.
6.	Nature of reserves viz. Capital Reserve, Capital Redemption Reserve, whether they are notional and/or unrealized, certified by CA.	Enclosed as Annexure 3.



Sr. No.	Particulars	Yes/No/NA
7.	The built up of the accumulated losses over the years, certified by CA.	Not applicable. The Demerged Company does not have any accumulated losses.
8.	Relevant sections of Companies Act, 2013 and applicable Indian Accounting Standards and Accounting treatment, certified by CA.	The accounting treatment provided in the proposed Scheme, in terms of the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ('Act'), is in compliance with applicable Accounting Standards notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and generally accepted accounting principles in India. The same has been certified by the respective Statutory Auditor of the companies involved in the Scheme. The said Certificates are enclosed as Annexure 2A and 2B.
9.	Details of shareholding of companies involved in the scheme at each stage, in case of composite scheme.	Not applicable. The proposed Scheme is not a composite scheme.
10.	Whether the Board of unlisted company has taken the decision regarding issuance of Bonus shares. If yes provide the details thereof.	No. ITC Hotels was incorporated on 28 th July, 2023 and is yet to commence any commercial operations.
11.	List of comparable companies considered for comparable companies' multiple method.	Not applicable. As mentioned in the Share Entitlement Ratio Report issued by Registered Valuer: <i>"... 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."</i> A copy of the said Report is enclosed as Annexure 4.
12.	Share Capital built-up in case of scheme of arrangement involving unlisted entity/entities, certified by CA.	Enclosed as Annexure 5A and 5B.



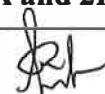
Sr. No.	Particulars	Yes/No/NA
13.	Any action taken/pending by Govt./Regulatory body/Agency against all the entities involved in the scheme.	No regulatory action under securities laws is pending against ITC or ITC Hotels.
14.	Comparison of revenue and net worth of demerged undertaking with the total revenue and net worth of the listed entity in last three financial years.	Enclosed as Annexure 6 .
15.	Detailed rationale for arriving at the swap ratio for issuance of shares as proposed in the draft scheme of arrangement by the Board of Directors of the listed company.	<p>As mentioned in the Share Entitlement Ratio Report issued by the Registered Valuer M/s PwC Business Consulting Services LLP, they have not carried out any valuation as the proposed demerger will not have any impact on economic and beneficial interest of the equity shareholders of ITC and is value neutral.</p> <p>A copy of the said Report is enclosed as Annexure 4.</p> <p>Further, Kotak Mahindra Capital Company Limited, an independent SEBI registered Category I Merchant Banker in its Fairness opinion Report, has also opined that the Share Entitlement Ratio is fair and reasonable from a financial point of view to the shareholders of ITC.</p> <p>A copy of the said Report is enclosed as Annexure 7.</p>
16.	In case of Demerger, basis for division of assets and liabilities between divisions of Demerged entity.	The Demerged Undertaking (as defined in Clause 5.1(xiii) of the Scheme) consists of the businesses, undertakings, assets, activities, operations and properties of ITC, related to or pertaining to the conduct of, or the activities of the Hotels Business, on a going concern basis.



Sr. No.	Particulars	Yes/No/NA
		<p>“Hotels Business” (as defined in Clause 5.1(xxii) of the Scheme) means the hotels and hospitality business of ITC 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.</p> <p>A copy of the said Scheme is enclosed as Annexure 8.</p>
17.	How the scheme will be beneficial to public shareholders of the Listed entity and details of change in value of public shareholders pre and post scheme of arrangement.	<p>As provided in the Report of the Audit Committee:</p> <p>i. The Scheme by way of segregating Hotels Business is expected to be beneficial to the shareholders of ITC as it would enable crafting of the next horizon of growth and sustained value creation for shareholders.</p> <p>ii. All the shareholders of ITC shall, upon Demerger be the ultimate beneficial economic owners of ITC Hotels and upon allotment of equity shares of ITC Hotels as per Share Entitlement Ratio (“SER”) recommended under the SER Report, the ultimate beneficial economic interest of the shareholders in the share capital of ITC Hotels shall be the same as in the share capital of ITC. That is, shareholders of ITC will have direct interest over ITC Hotels through ~ 60% of the share capital proposed to be issued by ITC Hotels (in the same proportion as they hold shares in ITC) and ~ 40% of the interest in ITC Hotels will be held indirectly through their shareholding in ITC.</p>



Sr. No.	Particulars	Yes/No/NA
		<p>iii. Further, the shareholders of ITC will have the option and flexibility to remain invested in a pure play hospitality focused listed entity. The shareholders of ITC will also <i>inter-alia</i> benefit from ITC's strategic support to ITC Hotels, long term stability of ITC Hotels under the proposed demerger and continued access to synergies for both ITC and ITC Hotels.</p> <p>A copy of the said Report is enclosed as Annexure 9.</p>
18.	Tax/other liability/benefit arising to the entities involved in the scheme, if any.	<p>There is no tax liability/ benefit arising to the entities involved in the Scheme. To clarify, the proposed transfer of Demerged Undertaking pursuant to the Scheme of Arrangement shall be on a going concern basis and is compliant with Section 2(19AA) and the related provisions of the Income Tax Act, 1961. Hence, it is tax neutral. Further, the Demerged Company does not have any tax accumulated losses to be apportioned to the Resulting Company. Similarly, there shall be no goods and services tax payable on the proposed Demerger.</p>
19.	Comments on the Accounting treatment specified in the scheme to conform whether it is in compliance with the Accounting Standards/Indian Accounting Standards.	<p>The accounting treatment specified in clause 19 of the Scheme, including treatment of reserves of the Demerged Company and Resulting Company is in compliance with applicable Accounting Standards notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, and generally accepted accounting principles in India.</p> <p>The same has also been certified by the respective Statutory Auditor of the companies involved in the Scheme.</p> <p>The said Certificates are enclosed as Annexure 2A and 2B.</p>



Sr. No.	Particulars	Yes/No/NA
20.	Revenue, PAT and EBIDTA (in value and percentage terms) details of entities involved in the scheme for all the number of years considered for valuation. Reasons justifying the EBIDTA/PAT margin considered in the valuation report.	<p>Not Applicable.</p> <p>As mentioned in the Share Entitlement Ratio Report issued by the Registered Valuer M/s PwC Business Consulting Services LLP, they have not carried out any valuation as the proposed demerger will not have any impact on economic and beneficial interest of the equity shareholders of ITC and is value neutral.</p>
21.	Confirmation that the valuation done in the scheme is in accordance with applicable valuation standards.	<p>Not Applicable.</p> <p>As mentioned in the Share Entitlement Ratio Report issued by the Registered Valuer M/s PwC Business Consulting Services LLP, they have not carried out any valuation as the proposed demerger will not have any impact on economic and beneficial interest of the equity shareholders of ITC and is value neutral.</p>
22.	Confirmation that the scheme is in compliance with the applicable securities laws.	We hereby confirm that the scheme is in compliance with the applicable securities laws.
23.	Confirmation that the arrangement proposed in the scheme is yet to be executed.	The arrangement is yet to be executed and will be made effective post approval of NCLT in terms of Clause 28 of the Scheme.



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.



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 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 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: 23109360BGYBI15807



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

FMCG ● HOTELS ● PAPERBOARDS & PACKAGING ● AGRI-BUSINESS ● INFORMATION TECHNOLOGY
Visit us at www.itcportal.com ● Corporate Identity Number : L16005WB1910PLC001985 ● e-mail: enduringvalue@itc.in





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



Auditor's Certificate

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

1. We, the statutory auditors of ITC Limited (hereinafter referred to as the "Company") have examined the proposed accounting treatment specified in clause 19.1 of the Draft Scheme of arrangement between the Company and ITC Hotels Limited ("the Resulting Company") and their respective shareholders and creditors (hereinafter referred to as "the Draft Scheme") in terms of the provisions of section(s) 230 to 232 and other applicable provisions of the Companies Act, 2013 ("the Act") with reference to its compliance with the applicable Accounting Standards notified under section 133 of the Act together with Rule 3 of the Companies (Indian Accounting Standards) Amendment Rules, 2015 (as amended) ("the Applicable Accounting Standards") and Other Generally Accepted Accounting Principles in India.
2. The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved. Our responsibility is to examine and report whether the Draft Scheme complies with the applicable Accounting Standards and Other Generally Accepted Accounting Principles. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes (Revised 2016), issued by the Institute of Chartered Accountants of India.
3. Read with Para 2 above and based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in the aforesaid scheme is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder, and all the applicable Accounting Standards notified by the Central Government under the Companies Act, 2013 and Other Generally Accepted Accounting Principles in India.
4. This Certificate is issued at the request of ITC Limited pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onward submission to the BSE Limited, The National Stock Exchange of India Limited, the Calcutta Stock Exchange Limited and further onward submission with the Securities and Exchange Board of India, the National Company Law Tribunal, Kolkata Bench and/or any other regulatory authorities in connection with the Draft Scheme. This Certificate should not be used for any other purpose without our prior written consent.
5. This Certificate should be read together with Annexures attached herewith (Refer Annexure A and Annexure B).

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Arvind Sethi**
Partner
Membership Number: 89802

UDIN: 23089802BGYPXD1601

Place: Kolkata
Date: August 14, 2023



S R B C & CO LLP

Chartered Accountants

ITC Limited
Page 2 of 3

Annexure A: Independent Auditor's Certificate on the accounting treatment in the proposed scheme of arrangement under Sections 230 to 232 of the Companies Act, 2013, relevant rules thereunder and SEBI Master circular SEBI/HO/CFD/POD-2/P/CIR/2023/93

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

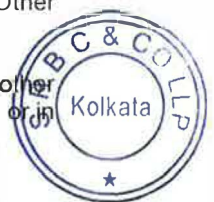
1. This Certificate is issued in accordance with the terms of our service scope letter dated August 3, 2023 and master engagement agreement dated August 2, 2019 with ITC Limited (hereinafter the "Company") pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 of arrangement as mentioned in paragraph 2 below.
2. We, S R B C & CO LLP, Chartered Accountants, are the Statutory Auditors of the Company and have been requested by the management of the Company, to examine the proposed accounting treatment given in para 19.1 of the proposed scheme of arrangement between the Company and 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'), for compliance with the applicable accounting standards prescribed under section 133 of the Companies Act, 2013 read together with Rule 3 of the Companies (Indian Accounting Standards) Amendment Rules, 2015, as amended and other generally accepted accounting principles in India (collectively referred to as 'applicable accounting standards'). The accounting treatment as prescribed in the Scheme has been included in Annexure B which has been initialed by us for identification purposes only.

Management's Responsibility

3. The preparation of the Scheme 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 Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Scheme has been approved by the Board of Directors.
4. The management of the Company 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also provide relevant information to the NCLT and any other regulatory authority in connection with the Scheme.

Auditors Responsibility

5. Our responsibility is to provide reasonable assurance in the form of an opinion [pursuant to the requirements of Section 230 of the Companies Act, 2013 and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and SEBI Master Circular] on whether the accounting treatment as contained in the Annexure B is in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder, and the 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 and Other Generally Accepted Accounting Principles in India.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. 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.
8. Our examination did not extend to any aspects of legal or propriety nature of the Scheme and other compliances thereof. Nothing contained in this certificate, nor anything said or done in the course of,



ITC Limited
Page 3 of 3

connection with the services that are subject to this certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company.

9. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the applicable criteria, mentioned in paragraph 5 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the applicable criteria. Accordingly, our procedures included the following:
- Obtained and read the Scheme and the proposed accounting treatment specified therein.
 - Obtained copy of resolution passed by the Board of Directors of the Company dated August 14, 2023 approving the Scheme.
 - Examined whether the proposed accounting treatment as per clause 19.1 of the Scheme is in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder, and the 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 and Other Generally Accepted Accounting Principles in India.
 - Performed necessary inquiries with the management and obtained necessary representations from the management.

Opinion

10. Based on our examination and according to the information and explanations given to us, read with paragraph 9 above and in respect of our opinion as mentioned in paragraph 3 to the Auditor's Certificate, in our opinion, the proposed accounting as contained in the Annexure B, is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder and the 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 and Other Generally Accepted Accounting Principles in India.

Restriction on Use

11. This certificate has been issued at the request of the Company and is addressed to and provided to the Board of Directors pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onwards submission to the BSE, NSE, CSE, SEBI, NCLT and any other regulatory authority in connection with the Scheme, and should not be used for any other person or purpose or distributed to anyone or referred to in any document without our prior written consent. Our examination relates to the matters specified in this certificate, and does not extend to the Company as a whole. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it 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 **Arvind Sethi**
Partner
Membership Number: 89802

UDIN: 23089802BGYPXD1601

Place: Kolkata
Date: August 14, 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

ANNEXURE B: EXTRACT OF ACCOUNTING TREATMENT FROM DRAFT SCHEME OF ARRANGEMENT BETWEEN ITC LIMITED (“DEMERGED COMPANY”) AND ITC HOTELS LIMITED (‘RESULTING COMPANY’ OR “ITC HOTELS”) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS (UNDER SECTION 230 – 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013)

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.

For ITC Limited


Authorised Signatory

Date: 14th August, 2023



S.R. BATLIBOI & Co. LLP

Chartered Accountants

4th Floor, Office 405
 World Mark - 2, Asset No. 8
 IGI Airport Hospitality District, Aerocity
 New Delhi - 110 037, India
 Tel : +91 11 4681 9500

Independent Auditor's Certificate on the accounting treatment in the proposed scheme of arrangement under Sections 230 to 232 of the Companies Act, 2013 and relevant rules thereunder

To,
 The Board of Directors
 ITC Hotels 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 14, 2023 and master engagement agreement dated August 14, 2023 with ITC Hotels Limited (hereinafter the "Company" or "Resulting Company") for submission to the National Company Law Tribunal (NCLT) and other regulatory authorities in connection with the scheme of arrangement as mentioned in paragraph 2 below.
2. We, S.R. Batliboi & CO LLP, Chartered Accountants, are the Statutory Auditors of the Company and have been requested by the management of the Company, to examine the proposed accounting treatment given in para 19.2 of the proposed scheme of arrangement between the Company and 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"), for compliance with the applicable accounting standards prescribed under section 133 of the Companies Act, 2013 read together with Rule 3 of the Companies (Indian Accounting Standards) Amendment Rules, 2015, as amended and other generally accepted accounting principles in India (collectively referred to as 'applicable accounting standards'). The accounting treatment as prescribed in the Scheme has been included in Annexure A which has been initialed by us for identification purposes only.

Management's Responsibility

3. The preparation of the Scheme 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 Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Scheme has been approved by the Board of Directors.
4. The management of the Company 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.

Auditors Responsibility

5. Our responsibility is to provide reasonable assurance in the form of an opinion [pursuant to the requirements of Section 230 of the Companies Act, 2013 and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016] on whether the accounting treatment as contained in the Annexure A is in compliance with the 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 and Other Generally Accepted Accounting Principles in India.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. 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.

Our examination did not extend to any aspects of legal or propriety nature of the Scheme and other compliances thereof. Nothing contained in this Certificate, nor anything said or done in the course of, or



Page 2 of 2

in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company.

9. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the applicable criteria, mentioned in paragraph 5 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the applicable criteria. Accordingly, our procedures included the following:
- a. Obtained and read the Scheme and the proposed accounting treatment specified therein.
 - b. Obtained copy of resolution passed by the Board of Directors of the Company dated August 14, 2023 approving the Scheme.
 - c. Examined whether the proposed accounting treatment as per clause 19.2 of the Scheme is in compliance with the 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 and Other Generally Accepted Accounting Principles in India.
 - d. Performed necessary inquiries with the management and obtained necessary representations from the management.

Opinion

10. Based on our examination and according to the information and explanations given to us, read with paragraph 9 above, in our opinion, the proposed accounting as contained in the Annexure A, is in compliance with the 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 and Other Generally Accepted Accounting Principles in India.

Restriction on Use

11. This Certificate has been issued at the request of the Company and is addressed to and provided to the Board of Directors for submission to the Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, National Company Law Tribunal, Regional Director, Registrar of Companies and any other regulatory authority in connection with the Scheme, and should not be used for any other person or purpose or distributed to anyone or referred to in any document without our prior written consent. Our examination relates to the matters specified in this Certificate, and does not extend to the Company as a whole. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it 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: 23095169BGYAAM3614

Place of Signature: Delhi

Date: August 14, 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

ANNEXURE A: EXTRACT OF ACCOUNTING TREATMENT FROM DRAFT SCHEME OF ARRANGEMENT BETWEEN ITC LIMITED (“DEMERGED COMPANY”) AND ITC HOTELS LIMITED (“RESULTING COMPANY” OR “ITC HOTELS”) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS (UNDER SECTION 230 – 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013)

19. ACCOUNTING TREATMENT IN THE BOOKS OF THE COMPANIES

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.



S.R. Ballbol & Co. LLP, New Delhi
for Identification

(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

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.

For ITC Hotels Limited


Authorised Signatory

S.R. Batlibol & Co. LLP, New Delhi
for Identification 

Date: 14th August, 2023



(WHOLLY OWNED SUBSIDIARY OF ITC LTD.)



S. GUHA & ASSOCIATES

Chartered Accountants

Head Office :

16/1, GIRISH VIDYA RATNA LANE, KOLKATA-700 009

Ph : (033) 2360 9686, 2350-6991 • E-mail : sguhaassociates@gmail.com • Website : sguhaassociates.com

Branches :

KOLKATA NEW DELHI MUMBAI SILIGURI AGARTALA DEOGHAR PATNA GUWAHATI PORT BLAIR BOLPUR

4th October, 2023

To

ITC Hotels Limited,

Virginia House,

37, J.L. Nehru Road,

Kolkata -700071.

Subject: Certificate on Capital Evolution of ITC Hotels Limited in respect of the proposed Scheme of Arrangement among ITC Limited, ITC Hotels Limited (hereinafter the "Company") and their respective shareholders and creditors in accordance with Sections 230 to 232 of the Companies Act, 2013.

Sir,

The Board of Directors of the Company, at their meeting held on 14th August, 2023, approved the Scheme of Arrangement amongst ITC Limited, the Company and their respective Shareholders and Creditors (hereinafter the "Scheme") in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

In this regard, at the request of the Company, we have reviewed the details of capital evolution of the Company as detailed in the Annexure, which we have initialled for the purpose of identification. The Annexure has been prepared by the Company for the purpose of submission to the National Stock Exchange of India Limited (NSE), BSE Limited (BSE) and The Calcutta Stock Exchange Limited (CSE) (collectively referred to as "Stock Exchanges"), Securities and Exchange Board of India (SEBI), National Company Law Tribunal (NCLT) and any other regulatory authorities in connection with the Scheme.

We have reviewed the Annexure along with the Certificate of Incorporation of the Company and share allotment details since inception of the Company.

Considering the above-mentioned documents and information provided to us by the management, we hereby certify that the details of capital evolution as provided in the Annexure are proper and appropriate.





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Branches :

KOLKATA NEW DELHI MUMBAI SILIGURI AGARTALA DEOGHAR PATNA GUWAHATI PORT BLAIR BOLPUR

This certificate has been issued at the request of the Company for submission to the Stock Exchanges, SEBI, NCLT and any other regulatory authorities in connection with the Scheme. This certificate should be read together with Annexure attached herewith.

For S. Guha & Associates

Chartered Accountants

FRN:322493E

Sourabh Mitra

Sourabh Mitra

Partner

M. No. 308743

UDIN: 23308743BGUMHF5867

Kolkata



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

DETAILS OF CAPITAL EVOLUTION OF ITC HOTELS LIMITED (RESULTING COMPANY)

Date of Issue	No. of shares issued	Issue Price (₹)	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No. of shares)	Whether listed, if not listed, give reasons thereof	Remarks
7 th August, 2023	83,00,00,000	1	Initial Subscription	83,00,00,000	Unlisted	ITC Hotels Limited was incorporated on 28 th July, 2023.

Yours faithfully,
ITC Hotels Limited



(R. Poddar)
Director
(DIN: 00297605)

Date: 4th October, 2023



(WHOLLY OWNED SUBSIDIARY OF ITC LTD.)



S. GUHA & ASSOCIATES

Chartered Accountants

Head Office :

16/1, GIRISH VIDYA RATNA LANE, KOLKATA-700 009

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Branches :

KOLKATA NEW DELHI MUMBAI SILIGURI AGARTALA DEOGHAR PATNA GUWAHATI PORT BLAIR BOLPUR

4th October, 2023

To

ITC Limited,

Virginia House,

37, J.L. Nehru Road,

Kolkata -700071.

Subject: Certificate on Capital Evolution of ITC Limited in respect of the proposed Scheme of Arrangement among ITC Limited (hereinafter the "Company"), ITC Hotels Limited and their respective shareholders and creditors in accordance with Sections 230 to 232 of the Companies Act, 2013.

Sir,

The Board of Directors of the Company, at their meeting held on 14th August, 2023, approved the Scheme of Arrangement amongst the Company, ITC Hotels Limited and their respective Shareholders and Creditors (hereinafter the "Scheme") in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

In this regard, at the request of the Company, we have reviewed the details of capital evolution of the Company over the years as detailed in the Annexure, which we have initialled for the purpose of identification. The Annexure has been prepared by the Company for the purpose of submission to the National Stock Exchange of India Limited (NSE), BSE Limited (BSE) and The Calcutta Stock Exchange Limited (CSE) (collectively referred to as "Stock Exchanges"), Securities and Exchange Board of India (SEBI), National Company Law Tribunal (NCLT) and any other regulatory authorities in connection with the Scheme.

We have reviewed the Annexure, traced and agreed the figures with the Audited Financial Statements of the Company over the years till 31st March, 2023. We have also verified the documents pertaining to allotment of shares under the Company's Employee Stock Option Schemes from 1st April, 2023 till date. The Company was incorporated on 24th August, 1910 under the Indian Companies Act, 1882 with Authorised Share Capital of ₹ 1,000/- divided into 10 shares of ₹ 100 each. As informed by the management, reliable data of the detailed evolution of the Company's paid up share capital is not available for the initial years. Accordingly, the Annexure relates to the period from 1970 (when the shares of the Company were first time listed on stock exchanges) to till date.

Considering the above-mentioned documents and information provided to us by the management, we hereby certify that the built-up of Reserves as detailed in the Annexure is proper and appropriate.





S. GUHA & ASSOCIATES

Chartered Accountants

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Branches :

KOLKATA NEW DELHI MUMBAI SILIGURI AGARTALA DEOGHAR PATNA GUWAHATI PORT BLAIR BOLPUR

This certificate has been issued at the request of the Company for submission to the Stock Exchanges, SEBI, NCLT and any other regulatory authorities in connection with the Scheme. This certificate should be read together with Annexure attached herewith.

For S. Guha & Associates

Chartered Accountants

FRN:322493E

Sourabh Mitra

Sourabh Mitra

Partner

M. No. 308743

UDIN: 23308743BGUMHD6158

Kolkata





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

DETAILS OF CAPITAL EVOLUTION OF ITC LIMITED (DEMERGED COMPANY)

History Of Share Capital (From 1970-71 To 2023-24) ⁵

Date of Issue	No. of shares issued	Issue Price (₹) @ *	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No. of shares)	Whether listed, if not listed, give reasons thereof	Remarks
1970-71	-	-	-	1,89,50,000	Listed	On 22 nd December, 1970, the shares of the Company were listed on the Stock Exchanges.
1978-79	37,90,000	-	Bonus	2,27,40,000	Listed	On 14 th June, 1978, 37,90,000 Bonus Shares were allotted in the ratio of 1 share for every 5 shares held.
1980-81	45,48,000	-	Bonus	2,72,88,000	Listed	On 29 th August, 1980, 45,48,000 Bonus Shares were allotted in the ratio of 1 share for every 5 shares held.
1984-85	29,38,050	-	-	3,02,26,050	Listed	On 1 st July, 1985, 29,38,050 shares were allotted to 1,18,290 Bond holders in exchange for accrued interest.
1985-86	29,42,060	-	-	3,31,68,110	Listed	Allotment of 29,42,060 shares to 1,16,574 bond holders in exchange for accrued interest.
1989-90	3,31,68,110	-	Bonus	6,63,36,220	Listed	On 11 th August, 1989, 3,31,68,110 Bonus Shares were allotted in the ratio of 1 share for every 1 share held.
1991-92	3,98,01,732	-	Bonus	10,61,37,952	Listed	On 2 nd December, 1991, 3,98,01,732 Bonus Shares were allotted in the ratio of 3 shares for every 5 shares held.
	1,05,95,075		Merger	11,67,33,027	Listed	On 10 th February, 1992, 1,05,95,075 shares were allotted consequent to the merger of erstwhile Tribeni Tissues Limited with the Company.
1993-94	45,00,000	479.96	-	12,12,33,027	Listed	On 20 th October, 1993, 45,00,000 shares were allotted consequent to the issue of equivalent number of Global Depository Receipts (GDRs) at an issue price of USD 15.30 (1 USD = INR 31.37) together with 15,00,000 Warrants, each exercisable between 20/4/1994 and 20/10/1995 into one GDR/share.





Date of Issue	No. of shares issued	Issue Price (₹) @ *	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No. of shares)	Whether listed, if not listed, give reasons thereof	Remarks
1994-95	12,13,18,177	-	Bonus	24,25,51,204	Listed	On 17 th November, 1994, 12,13,18,177 Bonus Shares were allotted in the ratio of 1 share for every 1 share held.
	2,85,550	322.07	-	24,28,36,754	Listed	Allotment of 2,85,550 shares consequent to exercise of 1,85,350 Warrants {out of the aforesaid 15,00,000 Warrants at exercise price of USD 15.30 per warrant} (1 USD = INR 32.43)
1995-96	25,78,150	271.04	-	24,54,14,904	Listed	Allotment of 25,78,150 shares consequent to exercise of 12,89,075 Warrants {out of the aforesaid 15,00,000 Warrants at Exercise Price of USD 15.30 per Warrant} (1 USD = INR 35.43)
2002-03	20,96,982	-	Merger	24,75,11,886	Listed	On 6 th May, 2002, 20,96,982 shares were allotted consequent to the amalgamation of erstwhile ITC Bhadrachalam Paperboards Limited with the Company.
2003-04	1,66,965	671.12	ESOP	24,76,78,851	Listed	Allotment of 1,66,965 shares under the Company's Employee Stock Option Schemes.
2004-05	5,42,478	687.96	ESOP	24,82,21,329	Listed	Allotment of 5,42,478 shares under the Company's Employee Stock Option Schemes.
2005-06	12,12,747	-	Merger	24,94,34,076	Listed	On 9 th May, 2005, 12,12,747 shares of ₹ 10/- each were allotted consequent to the amalgamation of erstwhile ITC Hotels Limited & erstwhile Ansal Hotels Limited with the Company.
	9,08,382	722.23	ESOP	25,03,42,458	Listed	Allotment of 9,08,382 shares under the Company's Employee Stock Option Schemes.
	-	-	Sub-division	2,50,34,24,580	Listed	25,03,42,458 shares of face value ₹ 10 were sub-divided into 2,50,34,24,580 shares of face value ₹ 1/- each with effect 28 th September, 2005
	1,25,17,12,290	-	Bonus	3,75,51,36,870	Listed	On 5 th October, 2005 1,25,17,12,290 Bonus Shares of ₹ 1/- each were allotted in the ratio of 1 share for every 2 shares held.
	41,990	80.24	ESOP	3,75,51,78,860	Listed	Allotment of 41,990 shares under the Company's Employee Stock Option Schemes.



Date of Issue	No. of shares issued	Issue Price (₹) @ *	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No. of shares)	Whether listed, if not listed, give reasons thereof	Remarks
2006-07	70,43,920	60.19	ESOP	3,76,22,22,780	Listed	Allotment of 70,43,920 shares under the Company's Employee Stock Option Schemes.
2007-08	63,87,270	69.87	ESOP	3,76,86,10,050	Listed	Allotment of 63,87,270 shares under the Company's Employee Stock Option Schemes.
2008-09	57,89,510	77.28	ESOP	3,77,43,99,560	Listed	Allotment of 57,89,510 shares under the Company's Employee Stock Option Schemes.
2009-10	4,37,77,230	164.64	ESOP	3,81,81,76,790	Listed	Allotment of 4,37,77,230 shares under the Company's Employee Stock Option Schemes.
2010-11	3,82,67,01,530	-	Bonus	7,64,48,78,320	Listed	On 6th August, 2010, 3,82,67,01,530 Bonus Shares were allotted in the ratio of 1 share for every 1 share held.
	9,32,65,960	96.91	ESOP	7,73,81,44,280	Listed	Allotment of 9,32,65,960 shares under the Company's Employee Stock Option Schemes.
2011-12	8,02,80,020	95.29	ESOP	7,81,84,24,300	Listed	Allotment of 8,02,80,020 shares under the Company's Employee Stock Option Schemes.
2012-13	8,34,08,810	110.58	ESOP	7,90,18,33,110	Listed	Allotment of 8,34,08,810 shares under the Company's Employee Stock Option Schemes.
2013-14	5,13,49,840	134.58	ESOP	7,95,31,82,950	Listed	Allotment of 5,13,49,840 shares under the Company's Employee Stock Option Schemes.
2014-15	6,22,48,830	157.24	ESOP	8,01,54,31,780	Listed	Allotment of 6,22,48,830 shares under the Company's Employee Stock Option Schemes.
	87,761	-	Merger	8,01,55,19,541	Listed	On 29 th August, 2014, 87,761 shares were allotted consequent to the Scheme of Arrangement between Wimco Limited and its shareholders and the Company and its shareholders.
2015-16	3,16,87,450	167.80	ESOP	8,04,72,06,991	Listed	Allotment of 3,16,87,450 shares under the Company's Employee Stock Option Schemes.
2016-17	4,02,66,57,100	-	Bonus	12,07,38,64,091	Listed	On 7 th July, 2016, 4,02,66,57,100 Bonus Shares were allotted in the ratio of 1 share for every 2 shares held.
	7,35,18,980	145.13	ESOP	12,14,73,83,071	Listed	Allotment of 7,35,18,980 shares under the Company's Employee Stock Option Schemes.

Date of Issue	No. of shares issued	Issue Price (₹) @ *	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No. of shares)	Whether listed, if not listed, give reasons thereof	Remarks
2017-18	5,69,11,840	160.39	ESOP	12,20,42,94,911	Listed	Allotment of 5,69,11,840 shares under the Company's Employee Stock Option Schemes.
2018-19	5,43,36,690	178.36	ESOP	12,25,86,31,601	Listed	Allotment of 5,43,36,690 shares under the Company's Employee Stock Option Schemes.
2019-20	3,35,99,640	186.10	ESOP	12,29,22,31,241	Listed	Allotment of 3,35,99,640 shares under the Company's Employee Stock Option Schemes.
2020-21	1,66,12,990	174.95	ESOP	12,30,88,44,231	Listed	Allotment of 1,66,12,990 shares under the Company's Employee Stock Option Schemes.
2021-22	1,44,11,700	202.49	ESOP	12,32,32,55,931	Listed	Allotment of 1,44,11,700 shares under the Company's Employee Stock Option Schemes.
2022-23	10,47,61,810	236.48	ESOP	12,42,80,17,741	Listed	Allotment of 10,47,61,810 shares under the Company's Employee Stock Option Schemes.
2023-24 (till 18 th August, 2023) #	3,68,21,760	249.71	ESOP	12,46,48,39,501	Listed	Allotment of 3,68,21,760 shares under the Company's Employee Stock Option Schemes.

[§] The Company was incorporated on 24th August, 1910 under The Indian Companies Act of 1882 with Authorised Share Capital of Rs. 1,000/- divided into 10 shares of Rs. 100/- each. Reliable data of the detailed evolution of the Company's paid-up share capital is not available for the initial years. Accordingly, the data attached relates to the period from 1970 (when the shares of the Company were first time listed on the Stock Exchanges) to till date.

@ For shares issued consequent to exercise of GDR Warrants, the issue price represents the weighted average exercise price of warrants exercised during the period adjusted for Bonus Issue.

* For ESOP allotment, issue price represents the weighted average exercise price of the options exercised during the period, adjusted for bonus issues/splits wherever applicable.

Post 18th August, 2023, 60,75,020 shares were allotted under the Company's Employee Stock Option Schemes. As on date, the Issued and Subscribed Share Capital of the Company is Rs. 1247,09,14,521/- divided into 1247,09,14,521 Ordinary Shares of Re. 1/- each.

Yours faithfully,
ITC Limited



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



Date: 4th October, 2023



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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 T : +91 (22) 66691500, F: + 91 (22) 66547801 / 04 / 07 / 08, www.pwc.com/india

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 Registered Office : 11-A, Sucheta Bhawan, 1st Floor, Vishnu Digambar Marg, New Delhi, 110 002.





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 other 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 mis-stated/ 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 (Source: Management)	83,00,00,000
(B) Post the Demerger, equity stake ITC intends to hold in ITC Hotels (Source: Management)	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 (Source: Management)	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



S. GUHA & ASSOCIATES

Chartered Accountants

Annexure 5A

Head Office :

16/1, GIRISH VIDYA RATNA LANE, KOLKATA-700 009

Ph : (033) 2360 9686, 2350-6991 • E-mail : sguhaassociates@gmail.com • Website : sguhaassociates.com

Branches :

KOLKATA NEW DELHI MUMBAI SILIGURI AGARTALA DEOGHAR PATNA GUWAHATI PORT BLAIR BOLPUR

4th October, 2023

To

ITC Limited,

Virginia House,

37, J.L. Nehru Road,

Kolkata -700071.

Subject: Certificate on Capital Evolution of ITC Limited in respect of the proposed Scheme of Arrangement among ITC Limited (hereinafter the "Company"), ITC Hotels Limited and their respective shareholders and creditors in accordance with Sections 230 to 232 of the Companies Act, 2013.

Sir,

The Board of Directors of the Company, at their meeting held on 14th August, 2023, approved the Scheme of Arrangement amongst the Company, ITC Hotels Limited and their respective Shareholders and Creditors (hereinafter the "Scheme") in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

In this regard, at the request of the Company, we have reviewed the details of capital evolution of the Company over the years as detailed in the Annexure, which we have initialled for the purpose of identification. The Annexure has been prepared by the Company for the purpose of submission to the National Stock Exchange of India Limited (NSE), BSE Limited (BSE) and The Calcutta Stock Exchange Limited (CSE) (collectively referred to as "Stock Exchanges"), Securities and Exchange Board of India (SEBI), National Company Law Tribunal (NCLT) and any other regulatory authorities in connection with the Scheme.

We have reviewed the Annexure, traced and agreed the figures with the Audited Financial Statements of the Company over the years till 31st March, 2023. We have also verified the documents pertaining to allotment of shares under the Company's Employee Stock Option Schemes from 1st April, 2023 till date. The Company was incorporated on 24th August, 1910 under the Indian Companies Act, 1882 with Authorised Share Capital of ₹ 1,000/- divided into 10 shares of ₹ 100 each. As informed by the management, reliable data of the detailed evolution of the Company's paid up share capital is not available for the initial years. Accordingly, the Annexure relates to the period from 1970 (when the shares of the Company were first time listed on stock exchanges) to till date.

Considering the above-mentioned documents and information provided to us by the management, we hereby certify that the built-up of Reserves as detailed in the Annexure is proper and appropriate.





S. GUHA & ASSOCIATES

Chartered Accountants

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Branches :

KOLKATA NEW DELHI MUMBAI SILIGURI AGARTALA DEOGHAR PATNA GUWAHATI PORT BLAIR BOLPUR

This certificate has been issued at the request of the Company for submission to the Stock Exchanges, SEBI, NCLT and any other regulatory authorities in connection with the Scheme. This certificate should be read together with Annexure attached herewith.

For S. Guha & Associates

Chartered Accountants

FRN:322493E

Sourabh Mitra

Sourabh Mitra

Partner

M. No. 308743

UDIN: 23308743BGUMHD6158

Kolkata





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

DETAILS OF CAPITAL EVOLUTION OF ITC LIMITED (DEMERGED COMPANY)

History Of Share Capital (From 1970-71 To 2023-24) ⁵

Date of Issue	No. of shares issued	Issue Price (₹) @ *	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No. of shares)	Whether listed, if not listed, give reasons thereof	Remarks
1970-71	-	-	-	1,89,50,000	Listed	On 22 nd December, 1970, the shares of the Company were listed on the Stock Exchanges.
1978-79	37,90,000	-	Bonus	2,27,40,000	Listed	On 14 th June, 1978, 37,90,000 Bonus Shares were allotted in the ratio of 1 share for every 5 shares held.
1980-81	45,48,000	-	Bonus	2,72,88,000	Listed	On 29 th August, 1980, 45,48,000 Bonus Shares were allotted in the ratio of 1 share for every 5 shares held.
1984-85	29,38,050	-	-	3,02,26,050	Listed	On 1 st July, 1985, 29,38,050 shares were allotted to 1,18,290 Bond holders in exchange for accrued interest.
1985-86	29,42,060	-	-	3,31,68,110	Listed	Allotment of 29,42,060 shares to 1,16,574 bond holders in exchange for accrued interest.
1989-90	3,31,68,110	-	Bonus	6,63,36,220	Listed	On 11 th August, 1989, 3,31,68,110 Bonus Shares were allotted in the ratio of 1 share for every 1 share held.
1991-92	3,98,01,732	-	Bonus	10,61,37,952	Listed	On 2 nd December, 1991, 3,98,01,732 Bonus Shares were allotted in the ratio of 3 shares for every 5 shares held.
	1,05,95,075		Merger	11,67,33,027	Listed	On 10 th February, 1992, 1,05,95,075 shares were allotted consequent to the merger of erstwhile Tribeni Tissues Limited with the Company.
1993-94	45,00,000	479.96	-	12,12,33,027	Listed	On 20 th October, 1993, 45,00,000 shares were allotted consequent to the issue of equivalent number of Global Depository Receipts (GDRs) at an issue price of USD 15.30 (1 USD = INR 31.37) together with 15,00,000 Warrants, each exercisable between 20/4/1994 and 20/10/1995 into one GDR/share.





Date of Issue	No. of shares issued	Issue Price (₹) @ *	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No. of shares)	Whether listed, if not listed, give reasons thereof	Remarks
1994-95	12,13,18,177	-	Bonus	24,25,51,204	Listed	On 17 th November, 1994, 12,13,18,177 Bonus Shares were allotted in the ratio of 1 share for every 1 share held.
	2,85,550	322.07	-	24,28,36,754	Listed	Allotment of 2,85,550 shares consequent to exercise of 1,85,350 Warrants {out of the aforesaid 15,00,000 Warrants at exercise price of USD 15.30 per warrant} (1 USD = INR 32.43)
1995-96	25,78,150	271.04	-	24,54,14,904	Listed	Allotment of 25,78,150 shares consequent to exercise of 12,89,075 Warrants {out of the aforesaid 15,00,000 Warrants at Exercise Price of USD 15.30 per Warrant} (1 USD = INR 35.43)
2002-03	20,96,982	-	Merger	24,75,11,886	Listed	On 6 th May, 2002, 20,96,982 shares were allotted consequent to the amalgamation of erstwhile ITC Bhadrachalam Paperboards Limited with the Company.
2003-04	1,66,965	671.12	ESOP	24,76,78,851	Listed	Allotment of 1,66,965 shares under the Company's Employee Stock Option Schemes.
2004-05	5,42,478	687.96	ESOP	24,82,21,329	Listed	Allotment of 5,42,478 shares under the Company's Employee Stock Option Schemes.
2005-06	12,12,747	-	Merger	24,94,34,076	Listed	On 9 th May, 2005, 12,12,747 shares of ₹ 10/- each were allotted consequent to the amalgamation of erstwhile ITC Hotels Limited & erstwhile Ansal Hotels Limited with the Company.
	9,08,382	722.23	ESOP	25,03,42,458	Listed	Allotment of 9,08,382 shares under the Company's Employee Stock Option Schemes.
	-	-	Sub-division	2,50,34,24,580	Listed	25,03,42,458 shares of face value ₹ 10 were sub-divided into 2,50,34,24,580 shares of face value ₹ 1/- each with effect 28 th September, 2005
	1,25,17,12,290	-	Bonus	3,75,51,36,870	Listed	On 5 th October, 2005 1,25,17,12,290 Bonus Shares of ₹ 1/- each were allotted in the ratio of 1 share for every 2 shares held.
	41,990	80.24	ESOP	3,75,51,78,860	Listed	Allotment of 41,990 shares under the Company's Employee Stock Option Schemes.



Date of Issue	No. of shares issued	Issue Price (₹) @ *	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No. of shares)	Whether listed, if not listed, give reasons thereof	Remarks
2006-07	70,43,920	60.19	ESOP	3,76,22,22,780	Listed	Allotment of 70,43,920 shares under the Company's Employee Stock Option Schemes.
2007-08	63,87,270	69.87	ESOP	3,76,86,10,050	Listed	Allotment of 63,87,270 shares under the Company's Employee Stock Option Schemes.
2008-09	57,89,510	77.28	ESOP	3,77,43,99,560	Listed	Allotment of 57,89,510 shares under the Company's Employee Stock Option Schemes.
2009-10	4,37,77,230	164.64	ESOP	3,81,81,76,790	Listed	Allotment of 4,37,77,230 shares under the Company's Employee Stock Option Schemes.
2010-11	3,82,67,01,530	-	Bonus	7,64,48,78,320	Listed	On 6th August, 2010, 3,82,67,01,530 Bonus Shares were allotted in the ratio of 1 share for every 1 share held.
	9,32,65,960	96.91	ESOP	7,73,81,44,280	Listed	Allotment of 9,32,65,960 shares under the Company's Employee Stock Option Schemes.
2011-12	8,02,80,020	95.29	ESOP	7,81,84,24,300	Listed	Allotment of 8,02,80,020 shares under the Company's Employee Stock Option Schemes.
2012-13	8,34,08,810	110.58	ESOP	7,90,18,33,110	Listed	Allotment of 8,34,08,810 shares under the Company's Employee Stock Option Schemes.
2013-14	5,13,49,840	134.58	ESOP	7,95,31,82,950	Listed	Allotment of 5,13,49,840 shares under the Company's Employee Stock Option Schemes.
2014-15	6,22,48,830	157.24	ESOP	8,01,54,31,780	Listed	Allotment of 6,22,48,830 shares under the Company's Employee Stock Option Schemes.
	87,761	-	Merger	8,01,55,19,541	Listed	On 29 th August, 2014, 87,761 shares were allotted consequent to the Scheme of Arrangement between Wimco Limited and its shareholders and the Company and its shareholders.
2015-16	3,16,87,450	167.80	ESOP	8,04,72,06,991	Listed	Allotment of 3,16,87,450 shares under the Company's Employee Stock Option Schemes.
2016-17	4,02,66,57,100	-	Bonus	12,07,38,64,091	Listed	On 7 th July, 2016, 4,02,66,57,100 Bonus Shares were allotted in the ratio of 1 share for every 2 shares held.
	7,35,18,980	145.13	ESOP	12,14,73,83,071	Listed	Allotment of 7,35,18,980 shares under the Company's Employee Stock Option Schemes.

Date of Issue	No. of shares issued	Issue Price (₹) @ *	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No. of shares)	Whether listed, if not listed, give reasons thereof	Remarks
2017-18	5,69,11,840	160.39	ESOP	12,20,42,94,911	Listed	Allotment of 5,69,11,840 shares under the Company's Employee Stock Option Schemes.
2018-19	5,43,36,690	178.36	ESOP	12,25,86,31,601	Listed	Allotment of 5,43,36,690 shares under the Company's Employee Stock Option Schemes.
2019-20	3,35,99,640	186.10	ESOP	12,29,22,31,241	Listed	Allotment of 3,35,99,640 shares under the Company's Employee Stock Option Schemes.
2020-21	1,66,12,990	174.95	ESOP	12,30,88,44,231	Listed	Allotment of 1,66,12,990 shares under the Company's Employee Stock Option Schemes.
2021-22	1,44,11,700	202.49	ESOP	12,32,32,55,931	Listed	Allotment of 1,44,11,700 shares under the Company's Employee Stock Option Schemes.
2022-23	10,47,61,810	236.48	ESOP	12,42,80,17,741	Listed	Allotment of 10,47,61,810 shares under the Company's Employee Stock Option Schemes.
2023-24 (till 18 th August, 2023) #	3,68,21,760	249.71	ESOP	12,46,48,39,501	Listed	Allotment of 3,68,21,760 shares under the Company's Employee Stock Option Schemes.

[§] The Company was incorporated on 24th August, 1910 under The Indian Companies Act of 1882 with Authorised Share Capital of Rs. 1,000/- divided into 10 shares of Rs. 100/- each. Reliable data of the detailed evolution of the Company's paid-up share capital is not available for the initial years. Accordingly, the data attached relates to the period from 1970 (when the shares of the Company were first time listed on the Stock Exchanges) to till date.

@ For shares issued consequent to exercise of GDR Warrants, the issue price represents the weighted average exercise price of warrants exercised during the period adjusted for Bonus Issue.

* For ESOP allotment, issue price represents the weighted average exercise price of the options exercised during the period, adjusted for bonus issues/splits wherever applicable.

Post 18th August, 2023, 60,75,020 shares were allotted under the Company's Employee Stock Option Schemes. As on date, the Issued and Subscribed Share Capital of the Company is Rs. 1247,09,14,521/- divided into 1247,09,14,521 Ordinary Shares of Re. 1/- each.

Yours faithfully,
ITC Limited



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



Date: 4th October, 2023



S. GUHA & ASSOCIATES

Chartered Accountants

Head Office :

16/1, GIRISH VIDYA RATNA LANE, KOLKATA-700 009

Ph : (033) 2360 9686, 2350-6991 • E-mail : sguhaassociates@gmail.com • Website : sguhaassociates.com

Branches :

KOLKATA NEW DELHI MUMBAI SILIGURI AGARTALA DEOGHAR PATNA GUWAHATI PORT BLAIR BOLPUR

4th October, 2023

To

ITC Hotels Limited,

Virginia House,

37, J.L. Nehru Road,

Kolkata -700071.

Subject: Certificate on Capital Evolution of ITC Hotels Limited in respect of the proposed Scheme of Arrangement among ITC Limited, ITC Hotels Limited (hereinafter the "Company") and their respective shareholders and creditors in accordance with Sections 230 to 232 of the Companies Act, 2013.

Sir,

The Board of Directors of the Company, at their meeting held on 14th August, 2023, approved the Scheme of Arrangement amongst ITC Limited, the Company and their respective Shareholders and Creditors (hereinafter the "Scheme") in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

In this regard, at the request of the Company, we have reviewed the details of capital evolution of the Company as detailed in the Annexure, which we have initialled for the purpose of identification. The Annexure has been prepared by the Company for the purpose of submission to the National Stock Exchange of India Limited (NSE), BSE Limited (BSE) and The Calcutta Stock Exchange Limited (CSE) (collectively referred to as "Stock Exchanges"), Securities and Exchange Board of India (SEBI), National Company Law Tribunal (NCLT) and any other regulatory authorities in connection with the Scheme.

We have reviewed the Annexure along with the Certificate of Incorporation of the Company and share allotment details since inception of the Company.

Considering the above-mentioned documents and information provided to us by the management, we hereby certify that the details of capital evolution as provided in the Annexure are proper and appropriate.





S. GUHA & ASSOCIATES

Chartered Accountants

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Branches :

KOLKATA NEW DELHI MUMBAI SILIGURI AGARTALA DEOGHAR PATNA GUWAHATI PORT BLAIR BOLPUR

This certificate has been issued at the request of the Company for submission to the Stock Exchanges, SEBI, NCLT and any other regulatory authorities in connection with the Scheme. This certificate should be read together with Annexure attached herewith.

For S. Guha & Associates

Chartered Accountants

FRN:322493E

Sourabh Mitra

Sourabh Mitra

Partner

M. No. 308743

UDIN: 23308743BGUMHF5867

Kolkata



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

DETAILS OF CAPITAL EVOLUTION OF ITC HOTELS LIMITED (RESULTING COMPANY)

Date of Issue	No. of shares issued	Issue Price (₹)	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No. of shares)	Whether listed, if not listed, give reasons thereof	Remarks
7 th August, 2023	83,00,00,000	1	Initial Subscription	83,00,00,000	Unlisted	ITC Hotels Limited was incorporated on 28 th July, 2023.

Yours faithfully,
ITC Hotels Limited



(R. Poddar)
Director
(DIN: 00297605)

Date: 4th October, 2023



(WHOLLY OWNED SUBSIDIARY OF ITC LTD.)

S R B C & 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 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 inquires 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





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

CIN U67120MH1995PLC134050

Registered Office:

27BKC

C - 27, "G" Block

Bandra Kurla Complex

Bandra (East), Mumbai - 400 051, India

T +91 22 43360000

F +91 22 67132445

www.investmentbank.kotak.com

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 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



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



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

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



Authorised Signatory

CERTIFIED TRUE COPY

SCHEME OF ARRANGEMENT

AMONGST

ITC LIMITED

AND

ITC HOTELS LIMITED

AND

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

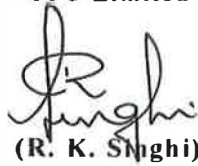
2. PREAMBLE

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;

ITC Limited



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

ITC HOTELS LIMITED
Director



- (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.



[Handwritten signature and blue checkmark]

- (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 Depository (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 I' 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;



- (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 catch-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.

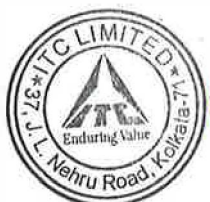
8. SHARE CAPITAL

- 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.



- 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



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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



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 NSF, 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.





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REPORT OF THE AUDIT COMMITTEE OF ITC LIMITED (“ITC” OR THE “COMPANY”) RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT AMONGST THE COMPANY AND ITC HOTELS LIMITED (“ITC HOTELS”) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS AT ITS MEETING HELD ON 14TH AUGUST, 2023 AT KOLKATA

1. Background

- 1.1** A meeting of the Audit Committee of the Company was held on 14th August, 2023, to consider and, if thought fit, recommend to the Board of Directors of the Company, the proposed scheme of arrangement amongst the Company and ITC Hotels (the Company and ITC Hotels collectively referred to as, the “Companies”) and their respective shareholders and creditors pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, the rules and/or regulations made thereunder (as amended from time to time) (“Companies Act”), Section 2(19AA) read with other relevant provisions of the Income Tax Act, 1961 (as amended from time to time) (“IT Act”) and other applicable laws including 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” and such scheme, the “Scheme”).
- 1.2** 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”).
- 1.3** 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 is presently not listed on any stock exchange.
- 1.4** In terms of the SEBI Scheme Circular, a report from the Audit Committee (“Committee”) recommending the draft Scheme is required, taking into consideration *inter alia* the SER Report (*as defined hereinafter*), and commenting on the need for the Scheme, rationale of the Scheme, synergies of business of the entities involved in the Scheme, impact of the Scheme on the shareholders and cost benefit analysis of the Scheme. This report of the Audit Committee has been made in compliance with the requirements of the SEBI Scheme Circular issued by SEBI pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”).

1.5 The following documents were placed before the Committee for its consideration:

- (a) Draft Scheme;
- (b) Share Entitlement Ratio Report dated 14th August, 2023 (“**SER Report**”) issued by Registered Valuer 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 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. 324982E/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 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.

2. Salient features of the Scheme

The Committee discussed and noted the salient features of the Scheme, rationale and the need of the proposed arrangement, synergies of the entities involved, impact of the Scheme on the shareholders and cost benefit analysis of the Scheme as below:

- (a) the Demerger (*as defined in the Scheme*) of the Demerged Undertaking (*as defined in the Scheme*) comprising the Hotels Business (*as defined in the Scheme*) of the Company into ITC Hotels (“**Resulting Company**”), on a going concern basis and in consideration, the consequent issuance of equity shares by ITC Hotels to all the members of the Company in accordance with the Share Entitlement Ratio



(as defined below), pursuant to the provisions of Section 2(19AA) and other relevant provisions of the IT Act;

- (b) various other matters consequential or otherwise integrally connected therewith, including changes to the share capital and securities premium account of the Resulting Company.

2.1 Upon the Scheme becoming effective and in consideration of the Demerger, ITC Hotels shall issue and allot equity shares, credited as fully paid-up to the members of the Company who are holding fully paid up equity shares of the Company and whose names appear in the register of members, including register and index of beneficial owners maintained by the depositories 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, as recommended by PwC:

“for every 10 (Ten) Ordinary Shares of face and paid-up value of Re. 1 each held in ITC, 1 (One) equity share of face and paid-up value of Re. 1 in ITC Hotels” (“Share Entitlement Ratio”)

2.2 The existing shareholding of the Company in ITC Hotels shall continue upon the Scheme becoming effective and following the issuance of the equity shares in accordance with paragraph 2.1 above, the Company’s shareholding in ITC Hotels shall stand at approx. 40% of ITC Hotel’s issued and paid up share capital.

2.3 The equity shares of ITC Hotels will be listed and admitted to trading on the BSE and NSE in compliance with SEBI Scheme Circular and other relevant provisions as applicable.

2.4 The Appointed Date for the proposed Scheme is same as the Effective Date or such other date as may be mutually agreed by the Companies.

2.5 The Effective Date for the proposed Scheme is 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 (as set out below) have occurred or have been fulfilled, obtained or waived, as applicable, in accordance with the Scheme.

2.6 The Scheme is and shall be subject to certain conditions precedent therein, including:

- (a) 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 Company and ITC Hotels as required under the Companies Act, SEBI Scheme Circular and as may be directed by the National Company Law Tribunal, Kolkata Bench (“NCLT”), subject to any dispensation that may be granted by the NCLT.



- (b) the fulfilment, satisfaction or waiver (as the case may be) of any approvals mutually agreed by the Companies as being required for completion of the transactions contemplated under the Scheme.
- (c) receipt of observation or no-objection letter by the Company from the SEBI / Stock Exchanges under Regulation 37 of the SEBI LODR Regulations, in accordance with the SEBI Scheme Circular in respect of the Scheme, on terms acceptable to the Companies.
- (d) 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.
- (e) the certified/authenticated copies of the Sanction Order(s) of the NCLT approving the Scheme being filed with the Registrar of Companies.

2.7 Rationale of the Scheme

2.7.1 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.

2.7.2 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.

2.8 Need for the arrangement

The Company is engaged in various businesses including Hotels Business. The 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, while continuing to leverage ITC's institutional strengths, strong brand equity and goodwill.

It is therefore proposed to segregate the Hotels Business from the remaining business undertaken by the Company through the proposed Scheme.

Scheme will result in the listing of ITC Hotels as a separate entity for Hotels Business which *inter-alia* will:

- (i) facilitate independent pursuit of accelerated growth with sharper focus on the business based on a differentiated strategy aligned with industry dynamics;
 - (ii) provide the shareholders of the Company, the option and flexibility to remain invested in a pure play hospitality focused listed entity;
 - (iii) enable the independent company to operate with an optimal capital structure and attract different set of investors, strategic partners, lenders and other stakeholders having specific interest in the Hotels Business and as well allow potential investors and other shareholders the option of being associated with business of their choice;
 - (iv) unlock value for the shareholders.
- 

2.9 Synergies of business of the entities involved in the Scheme

The demerger will create a separate listed company comprising the Hotels Business thereby unlocking the potential value of the Hotels Business for the Company's shareholders. Since ITC will continue to hold appx. 40% stake in ITC Hotels post Demerger, it will ensure long term stability apart from providing strategic support to ITC Hotels.

ITC Hotels will continue to leverage on ITC's brand reputation, sustainability credentials, talent pool, digital capabilities, robust governance, systems & processes, sourcing quality products etc. through suitable arrangements and institutional mechanisms. Similarly, 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. Thus, the proposed Demerger is expected to provide synergistic benefits to both ITC and ITC Hotels.


2.10 Impact of the Scheme on the shareholders of the Company

- (i) The Scheme by way of segregating Hotels Business is expected to be beneficial to the shareholders of the Company as it would enable crafting of the next horizon of growth and sustained value creation for shareholders.
- (ii) All the shareholders of the Company shall, upon Demerger be the ultimate beneficial economic owners of ITC Hotels and upon allotment of equity shares of ITC Hotels as per Share Entitlement Ratio recommended under the SER Report, the ultimate beneficial economic interest of the shareholders in the share capital of ITC Hotels shall be the same as in the share capital of the Company. That is, shareholders of the Company will have direct interest over ITC Hotels through the approx. 60% of the share capital proposed to be issued by ITC Hotels (*in the same proportion as they hold shares in the Company*) and approx. 40% of the interest in ITC Hotels will be held indirectly through their shareholding in the Company.
- (iii) Further, the shareholders of the Company will have the option and flexibility to remain invested in a pure play hospitality focused listed entity. The shareholders of the Company will also *inter-alia* benefit from the Company's strategic support to ITC Hotels, long term stability of ITC Hotels under the proposed demerger and continued access to synergies for both the Company and ITC Hotels.

Thus, the Scheme is expected to be beneficial to the shareholders of the Company.

2.11 Cost benefit analysis of the Scheme

The Audit Committee is of the view that the benefits of the Scheme for the Company and its stakeholders as stated in para 2.7, 2.8 and 2.9 above would far outweigh the transaction costs relating to its implementation.



3. Recommendation of the Audit Committee

- 3.1** The Audit Committee has reviewed the SER Report and noted the recommendations that the proposed Share Entitlement Ratio is fair and reasonable. Further, the Fairness Opinion has confirmed the recommended Share Entitlement Ratio in the SER Report as being fair to the shareholders of the Company.
- 3.2** Taking into consideration the draft Scheme, SER Report, Fairness Opinion, need for the Scheme, rationale of the Scheme, synergies of business of the entities involved in the Scheme, impact of the Scheme on the shareholders, cost benefit analysis of the Scheme, and other relevant documents, as placed, the Audit Committee, after due deliberation and consideration, recommends the draft Scheme for favourable consideration and approval by the Board of Directors of the Company, Stock Exchanges, SEBI and other appropriate authorities.



(A. Duggal)

Chairman - Audit Committee

DIN: 00024262

Date: 14th August, 2023

Place: Kolkata

From: Kanchan Saha <kanchansaha@cse-india.com>

Sent: 25 September 2023 17:12

To: Oishwarya Bhattacharya Auddy <Oishwarya.Bhattacharya@itc.in>; Enduring Value <EnduringValue@itc.in>

Cc: Chandrani Datta <chandranidatta@cse-india.com>; PRASENJIT DUTTA <pdutta@cse-india.com>

Subject: ITC Ltd. : Additional information required as per SEBI along with the Scheme of Arrangement Reg.37(1)

Received from external e-mail address (non ITC domain). Exercise caution while clicking any attachments or links!!!

Respected Madam / Sir,

- As per SEBI, vide its e-mail dated 21/09/2023 to the Stock Exchanges, asked for certain additional documents to be submitted by the listed companies who applied under Regulation 37(1).
- Accordingly You are requested to submit the documents as per the enclosed check-list, so that the same can be share with SEBI.

You are requested to provide us the enclosed documents within 2 days from the date of the mail, so that the same can be forwarded to SEBI.

Regards

Kanchan Mala

Listing Dept.

CSE Ltd.

Additional information to be submitted along with Scheme of Arrangement

S. No.	Particulars
1.	Apportionment of losses of the listed company among the companies involved in the scheme.
2.	Details of assets, liabilities, revenue and net worth of the companies involved in the scheme, both pre and post scheme of arrangement, along with a write up on the history of the demerged undertaking/Transferor Company certified by Chartered Accountant (CA).
3.	Any type of arrangement or agreement between the demerged company/resulting company/merged/amalgamated company/ creditors / shareholders / promoters / directors/etc., which may have any implications on the scheme of arrangement as well as on the shareholders of listed entity.
4.	Reasons along with relevant provisions of Companies Act, 2013 or applicable laws for proposed utilization of reserves viz. Capital Reserve, Capital Redemption Reserve, Securities premium, as a free reserve, certified by CA.
5.	Built up for reserves viz. Capital Reserve, Capital Redemption Reserve, Securities premium, certified by CA.
6.	Nature of reserves viz. Capital Reserve, Capital Redemption Reserve, whether they are notional and/or unrealized, certified by CA.
7.	The built up of the accumulated losses over the years, certified by CA.
8.	Relevant sections of Companies Act, 2013 and applicable Indian Accounting Standards and Accounting treatment, certified by CA.
9.	Details of shareholding of companies involved in the scheme at each stage, in case of composite scheme.
10.	Whether the Board of unlisted company has taken the decision regarding issuance of Bonus shares. If yes provide the details thereof. If not, provide the reasons thereof.
11.	List of comparable companies considered for comparable companies' multiple method.
12.	Share Capital built-up in case of scheme of arrangement involving unlisted entity/entities, certified by CA.
13.	Any action taken/pending by Govt./Regulatory body/Agency against all the entities involved in the scheme.
14.	Comparison of revenue and net worth of demerged undertaking with the total revenue and net worth of the listed entity in last three financial years.
15.	Detailed rationale for arriving at the swap ratio for issuance of shares as proposed in the draft scheme of arrangement by the Board of Directors of the listed company.
16.	In case of Demerger, basis for division of assets and liabilities between divisions of Demerged entity.
17.	How the scheme will be beneficial to public shareholders of the Listed entity and details of change in value of public shareholders pre and post scheme of arrangement.
18.	Tax/other liability/benefit arising to the entities involved in the scheme, if any.
19.	Comments of the Stock Exchanges on the Accounting treatment specified in the scheme to conform whether it is in compliance with the Accounting Standards/Indian Accounting Standards.
20.	Revenue, PAT and EBIDTA (in value and percentage terms) details of entities involved in the scheme for all the number of years considered for valuation. Reasons justifying the EBIDTA/PAT margin considered in the valuation report.
21.	Confirmation from stock exchanges that the valuation done in the scheme is in accordance with applicable valuation standards.
22.	Confirmation from stock exchanges that the scheme is in compliance with the applicable securities laws.
23.	Confirmation that the arrangement proposed in the scheme is yet to be executed.
24.	Any surveillance related concerns with respect to listed company/scheme of arrangement.



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

6th October, 2023

The Secretary
The Calcutta Stock Exchange Ltd. ("CSE")
7, Lyons Range
Kolkata 700 001

Dear Madam,

Sub: Proposed Scheme of Arrangement amongst ITC Limited ("ITC" or "Demerged Company"), ITC Hotels Limited ("ITC Hotels" or "Resulting Company"), and their respective shareholders and creditors in accordance with Sections 230 to 232 read with other applicable provisions of the Companies Act, 2013 ("Scheme")

Reference e-mail received from CSE on 25th September, 2023, seeking additional documents / information and our mail dated 29th September, 2023.

Enclosed please find required additional documents / information.

We will be glad to provide any further clarification that you may require in this regard.

We would request you to provide us with "No Objection Letter" at the earliest.

Yours faithfully,
ITC Limited

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

Enclosed: a/a

Additional information to be submitted along with the Scheme

Sr. No.	Particulars	Yes/No/NA
1.	Apportionment of losses of the listed company among the companies involved in the scheme.	Not applicable. The Demerged Company does not have any losses.
2.	Details of assets, liabilities, revenue and net worth of the companies involved in the scheme, both pre and post scheme of arrangement, along with a write up on the history of the demerged undertaking/ Transferor Company certified by Chartered Accountant (CA).	Enclosed as Annexure 1.
3.	Any type of arrangement or agreement between the demerged company/ resulting company/ merged/ amalgamated company/ creditors/ shareholders/ promoters/ directors/ etc., which may have any implications on the scheme of arrangement as well as on the shareholders of listed entity.	There are no arrangement or agreement between the demerged company / resulting company/ creditors/ shareholders/ directors etc. other than as provided in the Scheme.
4.	Reasons along with relevant provisions of Companies Act, 2013 or applicable laws for proposed utilization of reserves viz. Capital Reserve, Capital Redemption Reserve, Securities premium, as a free reserve, certified by CA.	The accounting treatment specified in clause 19 of the Scheme, including treatment of reserves of the Demerged Company and Resulting Company is in compliance with applicable Accounting Standards notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, and generally accepted accounting principles in India. The same has been certified by the respective Statutory Auditor of the companies involved in the Scheme. The said Certificates are enclosed as Annexure 2A and 2B.
5.	Built up for reserves viz. Capital Reserve, Capital Redemption Reserve, Securities premium, certified by CA.	Enclosed as Annexure 3.
6.	Nature of reserves viz. Capital Reserve, Capital Redemption Reserve, whether they are notional and/or unrealized, certified by CA.	Enclosed as Annexure 3.



Sr. No.	Particulars	Yes/No/NA
7.	The built up of the accumulated losses over the years, certified by CA.	Not applicable. The Demerged Company does not have any accumulated losses.
8.	Relevant sections of Companies Act, 2013 and applicable Indian Accounting Standards and Accounting treatment, certified by CA.	The accounting treatment provided in the proposed Scheme, in terms of the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ('Act'), is in compliance with applicable Accounting Standards notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and generally accepted accounting principles in India. The same has been certified by the respective Statutory Auditor of the companies involved in the Scheme. The said Certificates are enclosed as Annexure 2A and 2B.
9.	Details of shareholding of companies involved in the scheme at each stage, in case of composite scheme.	Not applicable. The proposed Scheme is not a composite scheme.
10.	Whether the Board of unlisted company has taken the decision regarding issuance of Bonus shares. If yes provide the details thereof. If not, provide the reasons thereof.	No. ITC Hotels was incorporated on 28 th July, 2023 and is yet to commence any commercial operations.
11.	List of comparable companies considered for comparable companies' multiple method.	Not applicable. As mentioned in the Share Entitlement Ratio Report issued by Registered Valuer: <i>"... 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."</i> A copy of the said Report is enclosed as Annexure 4.
12.	Share Capital built-up in case of scheme of arrangement involving unlisted entity/entities, certified by CA.	Enclosed as Annexure 5A and 5B.



Sr. No.	Particulars	Yes/No/NA
13.	Any action taken/pending by Govt./Regulatory body/Agency against all the entities involved in the scheme.	No regulatory action under securities laws is pending against ITC or ITC Hotels.
14.	Comparison of revenue and net worth of demerged undertaking with the total revenue and net worth of the listed entity in last three financial years.	Enclosed as Annexure 6 .
15.	Detailed rationale for arriving at the swap ratio for issuance of shares as proposed in the draft scheme of arrangement by the Board of Directors of the listed company.	<p>As mentioned in the Share Entitlement Ratio Report issued by the Registered Valuer M/s PwC Business Consulting Services LLP, they have not carried out any valuation as the proposed demerger will not have any impact on economic and beneficial interest of the equity shareholders of ITC and is value neutral.</p> <p>A copy of the said Report is enclosed as Annexure 4.</p> <p>Further, Kotak Mahindra Capital Company Limited, an independent SEBI registered Category I Merchant Banker in its Fairness opinion Report, has also opined that the Share Entitlement Ratio is fair and reasonable from a financial point of view to the shareholders of ITC.</p> <p>A copy of the said Report is enclosed as Annexure 7.</p>
16.	In case of Demerger, basis for division of assets and liabilities between divisions of Demerged entity.	The Demerged Undertaking (as defined in Clause 5.1(xiii) of the Scheme) consists of the businesses, undertakings, assets, activities, operations and properties of ITC, related to or pertaining to the conduct of, or the activities of the Hotels Business, on a going concern basis.



Sr. No.	Particulars	Yes/No/NA
		<p>“Hotels Business” (as defined in Clause 5.1(xxii) of the Scheme) means the hotels and hospitality business of ITC 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.</p> <p>A copy of the said Scheme is enclosed as Annexure 8.</p>
17.	How the scheme will be beneficial to public shareholders of the Listed entity and details of change in value of public shareholders pre and post scheme of arrangement.	<p>As provided in the Report of the Audit Committee:</p> <p>i. The Scheme by way of segregating Hotels Business is expected to be beneficial to the shareholders of ITC as it would enable crafting of the next horizon of growth and sustained value creation for shareholders.</p> <p>ii. All the shareholders of ITC shall, upon Demerger be the ultimate beneficial economic owners of ITC Hotels and upon allotment of equity shares of ITC Hotels as per Share Entitlement Ratio (“SER”) recommended under the SER Report, the ultimate beneficial economic interest of the shareholders in the share capital of ITC Hotels shall be the same as in the share capital of ITC. That is, shareholders of ITC will have direct interest over ITC Hotels through ~ 60% of the share capital proposed to be issued by ITC Hotels (in the same proportion as they hold shares in ITC) and ~ 40% of the interest in ITC Hotels will be held indirectly through their shareholding in ITC.</p>



Sr. No.	Particulars	Yes/No/NA
		<p>iii. Further, the shareholders of ITC will have the option and flexibility to remain invested in a pure play hospitality focused listed entity. The shareholders of ITC will also <i>inter-alia</i> benefit from ITC's strategic support to ITC Hotels, long term stability of ITC Hotels under the proposed demerger and continued access to synergies for both ITC and ITC Hotels.</p> <p>A copy of the said Report is enclosed as Annexure 9.</p>
18.	Tax/other liability/benefit arising to the entities involved in the scheme, if any.	<p>There is no tax liability/ benefit arising to the entities involved in the Scheme. To clarify, the proposed transfer of Demerged Undertaking pursuant to the Scheme of Arrangement shall be on a going concern basis and is compliant with Section 2(19AA) and the related provisions of the Income Tax Act, 1961. Hence, it is tax neutral. Further, the Demerged Company does not have any tax accumulated losses to be apportioned to the Resulting Company. Similarly, there shall be no goods and services tax payable on the proposed Demerger.</p>
19.	Comments of the Stock Exchanges on the Accounting treatment specified in the scheme to conform whether it is in compliance with the Accounting Standards/Indian Accounting Standards.	<p><i>Stock exchanges to confirm the same</i></p> <p>The accounting treatment specified in clause 19 of the Scheme, including treatment of reserves of the Demerged Company and Resulting Company is in compliance with applicable Accounting Standards notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, and generally accepted accounting principles in India.</p> <p>The same has also been certified by the respective Statutory Auditor of the companies involved in the Scheme.</p>



Sr. No.	Particulars	Yes/No/NA
		The said Certificates are enclosed as Annexure 2A and 2B.
20.	Revenue, PAT and EBIDTA (in value and percentage terms) details of entities involved in the scheme for all the number of years considered for valuation. Reasons justifying the EBIDTA/PAT margin considered in the valuation report.	Not Applicable. As mentioned in the Share Entitlement Ratio Report issued by the Registered Valuer M/s PwC Business Consulting Services LLP, they have not carried out any valuation as the proposed demerger will not have any impact on economic and beneficial interest of the equity shareholders of ITC and is value neutral.
21.	Confirmation from stock exchanges that the valuation done in the scheme is in accordance with applicable valuation standards.	<i>Stock exchanges to confirm the same</i> Not Applicable. As mentioned in the Share Entitlement Ratio Report issued by the Registered Valuer M/s PwC Business Consulting Services LLP, they have not carried out any valuation as the proposed demerger will not have any impact on economic and beneficial interest of the equity shareholders of ITC and is value neutral.
22.	Confirmation from stock exchanges that the scheme is in compliance with the applicable securities laws.	<i>Stock exchanges to confirm the same</i> We hereby confirm that the scheme is in compliance with the applicable securities laws.
23.	Confirmation that the arrangement proposed in the scheme is yet to be executed.	The arrangement is yet to be executed and will be made effective post approval of NCLT in terms of Clause 28 of the Scheme.
24.	Any surveillance related concerns with respect to listed company/scheme of arrangement.	<i>Stock exchanges to confirm the same</i>



S R B C & CO LLP

Chartered Accountants

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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.



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 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 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: 23109360BGYBI15807



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

FMCG ● HOTELS ● PAPERBOARDS & PACKAGING ● AGRI-BUSINESS ● INFORMATION TECHNOLOGY
Visit us at www.itcportal.com ● Corporate Identity Number : L16005WB1910PLC001985 ● e-mail: enduringvalue@itc.in





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



S R B C & CO LLP

Chartered Accountants

22, Camac Street
3rd Floor, Block 'B'
Kolkata - 700 016, India
Tel : +91 33 6134 4000**Auditor's Certificate**To
The Board of Directors
ITC Limited
37, J.L. Nehru Road,
Kolkata – 700 071, India

1. We, the statutory auditors of ITC Limited (hereinafter referred to as the "Company") have examined the proposed accounting treatment specified in clause 19.1 of the Draft Scheme of arrangement between the Company and ITC Hotels Limited ("the Resulting Company") and their respective shareholders and creditors (hereinafter referred to as "the Draft Scheme") in terms of the provisions of section(s) 230 to 232 and other applicable provisions of the Companies Act, 2013 ("the Act") with reference to its compliance with the applicable Accounting Standards notified under section 133 of the Act together with Rule 3 of the Companies (Indian Accounting Standards) Amendment Rules, 2015 (as amended) ("the Applicable Accounting Standards") and Other Generally Accepted Accounting Principles in India.
2. The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved. Our responsibility is to examine and report whether the Draft Scheme complies with the applicable Accounting Standards and Other Generally Accepted Accounting Principles. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes (Revised 2016), issued by the Institute of Chartered Accountants of India.
3. Read with Para 2 above and based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in the aforesaid scheme is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder, and all the applicable Accounting Standards notified by the Central Government under the Companies Act, 2013 and Other Generally Accepted Accounting Principles in India.
4. This Certificate is issued at the request of ITC Limited pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onward submission to the BSE Limited, The National Stock Exchange of India Limited, the Calcutta Stock Exchange Limited and further onward submission with the Securities and Exchange Board of India, the National Company Law Tribunal, Kolkata Bench and/or any other regulatory authorities in connection with the Draft Scheme. This Certificate should not be used for any other purpose without our prior written consent.
5. This Certificate should be read together with Annexures attached herewith (Refer Annexure A and Annexure B).

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003per **Arvind Sethi**
Partner
Membership Number: 89802

UDIN: 23089802BGYPXD1601

Place: Kolkata
Date: August 14, 2023

S R B C & CO LLP

Chartered Accountants

ITC Limited
Page 2 of 3

Annexure A: Independent Auditor's Certificate on the accounting treatment in the proposed scheme of arrangement under Sections 230 to 232 of the Companies Act, 2013, relevant rules thereunder and SEBI Master circular SEBI/HO/CFD/POD-2/P/CIR/2023/93

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

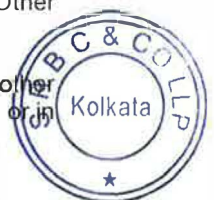
1. This Certificate is issued in accordance with the terms of our service scope letter dated August 3, 2023 and master engagement agreement dated August 2, 2019 with ITC Limited (hereinafter the "Company") pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 of arrangement as mentioned in paragraph 2 below.
2. We, S R B C & CO LLP, Chartered Accountants, are the Statutory Auditors of the Company and have been requested by the management of the Company, to examine the proposed accounting treatment given in para 19.1 of the proposed scheme of arrangement between the Company and 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'), for compliance with the applicable accounting standards prescribed under section 133 of the Companies Act, 2013 read together with Rule 3 of the Companies (Indian Accounting Standards) Amendment Rules, 2015, as amended and other generally accepted accounting principles in India (collectively referred to as 'applicable accounting standards'). The accounting treatment as prescribed in the Scheme has been included in Annexure B which has been initialed by us for identification purposes only.

Management's Responsibility

3. The preparation of the Scheme 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 Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Scheme has been approved by the Board of Directors.
4. The management of the Company 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also provide relevant information to the NCLT and any other regulatory authority in connection with the Scheme.

Auditors Responsibility

5. Our responsibility is to provide reasonable assurance in the form of an opinion [pursuant to the requirements of Section 230 of the Companies Act, 2013 and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and SEBI Master Circular] on whether the accounting treatment as contained in the Annexure B is in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder, and the 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 and Other Generally Accepted Accounting Principles in India.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. 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.
8. Our examination did not extend to any aspects of legal or propriety nature of the Scheme and other compliances thereof. Nothing contained in this certificate, nor anything said or done in the course of,



ITC Limited
Page 3 of 3

connection with the services that are subject to this certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company.

9. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the applicable criteria, mentioned in paragraph 5 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the applicable criteria. Accordingly, our procedures included the following:
- Obtained and read the Scheme and the proposed accounting treatment specified therein.
 - Obtained copy of resolution passed by the Board of Directors of the Company dated August 14, 2023 approving the Scheme.
 - Examined whether the proposed accounting treatment as per clause 19.1 of the Scheme is in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder, and the 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 and Other Generally Accepted Accounting Principles in India.
 - Performed necessary inquiries with the management and obtained necessary representations from the management.

Opinion

10. Based on our examination and according to the information and explanations given to us, read with paragraph 9 above and in respect of our opinion as mentioned in paragraph 3 to the Auditor's Certificate, in our opinion, the proposed accounting as contained in the Annexure B, is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder and the 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 and Other Generally Accepted Accounting Principles in India.

Restriction on Use

11. This certificate has been issued at the request of the Company and is addressed to and provided to the Board of Directors pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onwards submission to the BSE, NSE, CSE, SEBI, NCLT and any other regulatory authority in connection with the Scheme, and should not be used for any other person or purpose or distributed to anyone or referred to in any document without our prior written consent. Our examination relates to the matters specified in this certificate, and does not extend to the Company as a whole. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it 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 **Arvind Sethi**
Partner
Membership Number: 89802

UDIN: 23089802BGYPXD1601

Place: Kolkata
Date: August 14, 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

ANNEXURE B: EXTRACT OF ACCOUNTING TREATMENT FROM DRAFT SCHEME OF ARRANGEMENT BETWEEN ITC LIMITED (“DEMERGED COMPANY”) AND ITC HOTELS LIMITED (‘RESULTING COMPANY’ OR “ITC HOTELS”) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS (UNDER SECTION 230 – 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013)

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.

For ITC Limited


Authorised Signatory

Date: 14th August, 2023



S.R. BATLIBOI & Co. LLP

Chartered Accountants

4th Floor, Office 405
 World Mark - 2, Asset No. 8
 IGI Airport Hospitality District, Aerocity
 New Delhi - 110 037, India
 Tel : +91 11 4681 9500

Independent Auditor's Certificate on the accounting treatment in the proposed scheme of arrangement under Sections 230 to 232 of the Companies Act, 2013 and relevant rules thereunder

To,
 The Board of Directors
 ITC Hotels 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 14, 2023 and master engagement agreement dated August 14, 2023 with ITC Hotels Limited (hereinafter the "Company" or "Resulting Company") for submission to the National Company Law Tribunal (NCLT) and other regulatory authorities in connection with the scheme of arrangement as mentioned in paragraph 2 below.
2. We, S.R. Batliboi & CO LLP, Chartered Accountants, are the Statutory Auditors of the Company and have been requested by the management of the Company, to examine the proposed accounting treatment given in para 19.2 of the proposed scheme of arrangement between the Company and 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"), for compliance with the applicable accounting standards prescribed under section 133 of the Companies Act, 2013 read together with Rule 3 of the Companies (Indian Accounting Standards) Amendment Rules, 2015, as amended and other generally accepted accounting principles in India (collectively referred to as 'applicable accounting standards'). The accounting treatment as prescribed in the Scheme has been included in Annexure A which has been initialed by us for identification purposes only.

Management's Responsibility

3. The preparation of the Scheme 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 Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Scheme has been approved by the Board of Directors.
4. The management of the Company 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.

Auditors Responsibility

5. Our responsibility is to provide reasonable assurance in the form of an opinion [pursuant to the requirements of Section 230 of the Companies Act, 2013 and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016] on whether the accounting treatment as contained in the Annexure A is in compliance with the 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 and Other Generally Accepted Accounting Principles in India.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. 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.

Our examination did not extend to any aspects of legal or propriety nature of the Scheme and other compliances thereof. Nothing contained in this Certificate, nor anything said or done in the course of, or



Page 2 of 2

in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company.

9. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the applicable criteria, mentioned in paragraph 5 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the applicable criteria. Accordingly, our procedures included the following:
- Obtained and read the Scheme and the proposed accounting treatment specified therein.
 - Obtained copy of resolution passed by the Board of Directors of the Company dated August 14, 2023 approving the Scheme.
 - Examined whether the proposed accounting treatment as per clause 19.2 of the Scheme is in compliance with the 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 and Other Generally Accepted Accounting Principles in India.
 - Performed necessary inquiries with the management and obtained necessary representations from the management.

Opinion

10. Based on our examination and according to the information and explanations given to us, read with paragraph 9 above, in our opinion, the proposed accounting as contained in the Annexure A, is in compliance with the 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 and Other Generally Accepted Accounting Principles in India.

Restriction on Use

11. This Certificate has been issued at the request of the Company and is addressed to and provided to the Board of Directors for submission to the Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, National Company Law Tribunal, Regional Director, Registrar of Companies and any other regulatory authority in connection with the Scheme, and should not be used for any other person or purpose or distributed to anyone or referred to in any document without our prior written consent. Our examination relates to the matters specified in this Certificate, and does not extend to the Company as a whole. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it 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: 23095169BGYAAM3614

Place of Signature: Delhi

Date: August 14, 2023

ITC HOTELS LIMITED

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

ANNEXURE A: EXTRACT OF ACCOUNTING TREATMENT FROM DRAFT SCHEME OF ARRANGEMENT BETWEEN ITC LIMITED (“DEMERGED COMPANY”) AND ITC HOTELS LIMITED (“RESULTING COMPANY” OR “ITC HOTELS”) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS (UNDER SECTION 230 – 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013)

19. ACCOUNTING TREATMENT IN THE BOOKS OF THE COMPANIES

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.



S.R. Ballbol & Co. LLP, New Delhi
for Identification

(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

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.

For ITC Hotels Limited


Authorised Signatory

S.R. Batlibol & Co. LLP, New Delhi
for Identification 

Date: 14th August, 2023



(WHOLLY OWNED SUBSIDIARY OF ITC LTD.)



S. GUHA & ASSOCIATES

Chartered Accountants

Head Office :

16/1, GIRISH VIDYA RATNA LANE, KOLKATA-700 009

Ph : (033) 2360 9686, 2350-6991 • E-mail : sguhaassociates@gmail.com • Website : sguhaassociates.com

Branches :

KOLKATA NEW DELHI MUMBAI SILIGURI AGARTALA DEOGHAR PATNA GUWAHATI PORT BLAIR BOLPUR

4th October, 2023

To

ITC Limited,

Virginia House,

37, J.L. Nehru Road,

Kolkata -700071.

Subject: Certificate on Nature and Built up of Reserves viz. Capital Reserve, Capital Redemption Reserve and Securities Premium of ITC Limited in respect of the proposed Scheme of Arrangement among ITC Limited (hereinafter the "Company"), ITC Hotels Limited and their respective shareholders and creditors in accordance with Sections 230 to 232 of the Companies Act, 2013.

Sir,

The Board of Directors of the Company, at their meeting held on 14th August, 2023, approved the Scheme of Arrangement amongst the Company, ITC Hotels Limited and their respective Shareholders and Creditors (hereinafter the "Scheme") in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

In this regard, at the request of the Company, we have reviewed the details of nature and built up of reserves viz. Capital Reserve, Capital Redemption Reserve and Securities Premium of the Company over the years till 31st March, 2023 as detailed in the Annexure, which we have initialled for the purpose of identification. The Annexure has been prepared by the Company for the purpose of submission to the National Stock Exchange of India Limited (NSE), BSE Limited (BSE) and The Calcutta Stock Exchange Limited (CSE) (collectively referred to as "Stock Exchanges"), Securities and Exchange Board of India (SEBI), National Company Law Tribunal (NCLT) and any other regulatory authorities in connection with the Scheme.

We have reviewed the Annexure, traced and agreed the figures with the Audited Financial Statements of the Company over the years till 31st March, 2023.

Considering the above-mentioned documents and information provided to us by the management, we hereby certify that the details of Reserves as provided in the Annexure is proper and appropriate.





S. GUHA & ASSOCIATES

Chartered Accountants

Head Office :

16/1, GIRISH VIDYA RATNA LANE, KOLKATA-700 009

Ph : (033) 2360 9686, 2350-6991 • E-mail : sguhaassociates@gmail.com • Website : sguhaassociates.com

Branches :

KOLKATA NEW DELHI MUMBAI SILIGURI AGARTALA DEOGHAR PATNA GUWAHATI PORT BLAIR BOLPUR

This certificate has been issued at the request of the Company for submission to the Stock Exchanges, SEBI, NCLT and any other regulatory authorities in connection with the Scheme. This certificate should be read together with Annexure attached herewith.

For S. Guha & Associates

Chartered Accountants

FRN:322493E

Sourabh Mitra

Sourabh Mitra

Partner

M. No. 308743

UDIN: 23308743BGUMHC6760

Kolkata





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

NATURE AND BUILT-UP OF RESERVES
VIZ. CAPITAL RESERVE, CAPITAL REDEMPTION RESERVE AND
SECURITIES PREMIUM OF ITC LIMITED (DEMERGED COMPANY)

Capital Reserve

Nature of Reserve: This Reserve represents the difference between value of the net assets transferred to the Company in the course of business combinations and the consideration paid for such combinations.

This Reserve is not considered as a 'free reserve' under Section 2(43) of the Companies Act, 2013.

The built-up of the Reserve, as disclosed in the audited financial statements of the Company in accordance with applicable accounting standards and generally accepted accounting principles, is as follows:

Period	Particulars	Amount (₹ Crs)
	Opening balance for financial year 1991-92	-
1991-92	Add: Capital Reserve arising pursuant to scheme of share exchange on account of merger of Tribeni Tissues Ltd. with the Company	2.12
1992-93	Add: Capital Reserve arising on account of forfeiture of 15% Redeemable Bonds of ₹ 500 each	0.10
2001-02	Add: Capital Reserve balance taken over by the Company consequent to Scheme of Amalgamation of ITC Bhadrachalam Paperboards Limited with the Company	0.24
2004-05	Add: Capital Reserve balance taken over by the Company consequent to Scheme of Amalgamation of ITC Hotels Limited and Ansal Hotels Limited with the Company	0.02
	Closing Balance of Capital Reserve as on 31st March, 2023	2.48

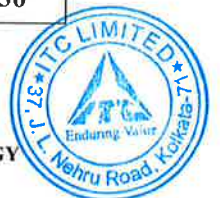
Capital Redemption Reserve

Nature of Reserve: This Reserve has arisen in the course of business combinations.

This Reserve is not considered as a 'free reserve' under Section 2(43) of the Companies Act, 2013.

The built-up of the Reserve, as disclosed in the audited financial statements of the Company in accordance with applicable accounting standards and generally accepted accounting principles, is as follows:

Period	Particulars	Amount (₹ Cr)
	Opening balance for financial year 2004-05	-
2004-05	Add: Capital Redemption Reserve taken over by the Company consequent to Scheme of Amalgamation of ITC Hotels Limited and Ansal Hotels Limited with the Company	0.30
	Closing Balance of Capital Redemption Reserve as on 31st March, 2023	0.30



Securities Premium

Nature of Reserve: This Reserve represents the premium on issue of shares.

This Reserve is not considered as a 'free reserve' under Section 2(43) of the Companies Act, 2013.

The built-up of the Reserve, as disclosed in the audited financial statements of the Company in accordance with applicable accounting standards and generally accepted accounting principles, is as follows:

₹ Crs

Period	Opening Balance	Add: Premium on issue of new shares under GDRs and Employee Stock Option Schemes ("ESOPs")	Less: Share issue expenses	Add: Transfer from Share Option Outstanding Reserve to Securities Premium on Exercise of ESOPs	Add: Share Premium Reserves taken over by Company consequent to Scheme of Amalgamations	Less: Utilised for issue of Bonus Shares	Closing Balance
1993-94	-	211.41	11.45	-	-	-	199.96
1994-95	199.96	8.60	0.03	-	-	-	208.53
1995-96	208.53	65.55	-	-	-	-	274.08
1996-97	274.08	-	-	-	-	-	274.08
1997-98	274.08	-	-	-	-	-	274.08
1998-99	274.08	-	-	-	-	-	274.08
1999-00	274.08	-	-	-	-	-	274.08
2000-01	274.08	-	-	-	-	-	274.08
2001-02	274.08	-	-	-	10.50*	-	284.58
2002-03	284.58	-	-	-	-	-	284.58
2003-04	284.58	11.04	-	-	-	-	295.62
2004-05	295.62	36.78	-	-	49.85**	-	382.25
2005-06	382.25	65.03	-	-	-	-	447.28
2006-07	447.28	41.69	-	-	-	-	488.97
2007-08	488.97	43.99	-	-	-	-	532.96
2008-09	532.96	44.17	-	-	-	-	577.13
2009-10	577.13	716.35	-	-	-	-	1,293.48
2010-11	1,293.48	894.50	-	-	-	382.67	1,805.31
2011-12	1,805.31	756.96	-	-	-	-	2,562.27
2012-13	2,562.27	913.97	-	-	-	-	3,476.24
2013-14	3,476.24	685.94	-	-	-	-	4,162.18
2014-15	4,162.18	972.57	-	-	-	-	5,134.75
2015-16	5,134.75	528.53	-	22.58	-	-	5,685.86
2016-17	5,685.86	1,059.61	-	89.44	-	402.67	6,432.24
2017-18	6,432.24	907.10	-	105.07	-	-	7,444.41
2018-19	7,444.41	963.70	-	114.65	-	-	8,522.76
2019-20	8,522.76	621.94	-	66.79	-	-	9,211.49
2020-21	9,211.49	288.99	-	111.16	-	-	9,611.64
2021-22	9,611.64	290.38	-	86.12	-	-	9,988.14
2022-23	9,988.14	2,466.92	-	610.56	-	-	13,065.62

*Reserve taken over consequent to Scheme of Amalgamation of ITC Bhadrachalam Paperboards Limited with the Company.

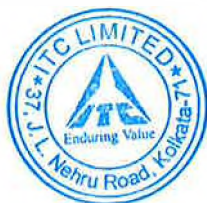
**Reserve taken over consequent to Scheme of Amalgamation of ITC Hotels Limited and Ansal Hotels Limited with the Company.

Yours faithfully,

ITC Limited


Authorised Signatory

Date: 4th October, 2023





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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 T : +91 (22) 66691500, F: + 91 (22) 66547801 / 04 / 07 / 08, www.pwc.com/india

LLPIN : AAO-9288 Registered with limited liability.

Registered Office : 11-A, Sucheta Bhawan, 1st Floor, Vishnu Digambar Marg, New Delhi, 110 002.





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 other 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 mis-stated/ 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 (Source: Management)	83,00,00,000
(B) Post the Demerger, equity stake ITC intends to hold in ITC Hotels (Source: Management)	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 (Source: Management)	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



S. GUHA & ASSOCIATES

Chartered Accountants

Head Office :

16/1, GIRISH VIDYA RATNA LANE, KOLKATA-700 009

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Branches :

KOLKATA NEW DELHI MUMBAI SILIGURI AGARTALA DEOGHAR PATNA GUWAHATI PORT BLAIR BOLPUR

4th October, 2023

To

ITC Limited,

Virginia House,

37, J.L. Nehru Road,

Kolkata -700071.

Subject: Certificate on Capital Evolution of ITC Limited in respect of the proposed Scheme of Arrangement among ITC Limited (hereinafter the "Company"), ITC Hotels Limited and their respective shareholders and creditors in accordance with Sections 230 to 232 of the Companies Act, 2013.

Sir,

The Board of Directors of the Company, at their meeting held on 14th August, 2023, approved the Scheme of Arrangement amongst the Company, ITC Hotels Limited and their respective Shareholders and Creditors (hereinafter the "Scheme") in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

In this regard, at the request of the Company, we have reviewed the details of capital evolution of the Company over the years as detailed in the Annexure, which we have initialled for the purpose of identification. The Annexure has been prepared by the Company for the purpose of submission to the National Stock Exchange of India Limited (NSE), BSE Limited (BSE) and The Calcutta Stock Exchange Limited (CSE) (collectively referred to as "Stock Exchanges"), Securities and Exchange Board of India (SEBI), National Company Law Tribunal (NCLT) and any other regulatory authorities in connection with the Scheme.

We have reviewed the Annexure, traced and agreed the figures with the Audited Financial Statements of the Company over the years till 31st March, 2023. We have also verified the documents pertaining to allotment of shares under the Company's Employee Stock Option Schemes from 1st April, 2023 till date. The Company was incorporated on 24th August, 1910 under the Indian Companies Act, 1882 with Authorised Share Capital of ₹ 1,000/- divided into 10 shares of ₹ 100 each. As informed by the management, reliable data of the detailed evolution of the Company's paid up share capital is not available for the initial years. Accordingly, the Annexure relates to the period from 1970 (when the shares of the Company were first time listed on stock exchanges) to till date.

Considering the above-mentioned documents and information provided to us by the management, we hereby certify that the built-up of Reserves as detailed in the Annexure is proper and appropriate.





S. GUHA & ASSOCIATES

Chartered Accountants

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Branches :

KOLKATA NEW DELHI MUMBAI SILIGURI AGARTALA DEOGHAR PATNA GUWAHATI PORT BLAIR BOLPUR

This certificate has been issued at the request of the Company for submission to the Stock Exchanges, SEBI, NCLT and any other regulatory authorities in connection with the Scheme. This certificate should be read together with Annexure attached herewith.

For S. Guha & Associates

Chartered Accountants

FRN:322493E

Sourabh Mitra

Sourabh Mitra

Partner

M. No. 308743

UDIN: 23308743BGUMHD6158

Kolkata





ITC Limited
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DETAILS OF CAPITAL EVOLUTION OF ITC LIMITED (DEMERGED COMPANY)

History Of Share Capital (From 1970-71 To 2023-24) ⁵

Date of Issue	No. of shares issued	Issue Price (₹) @ *	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No. of shares)	Whether listed, if not listed, give reasons thereof	Remarks
1970-71	-	-	-	1,89,50,000	Listed	On 22 nd December, 1970, the shares of the Company were listed on the Stock Exchanges.
1978-79	37,90,000	-	Bonus	2,27,40,000	Listed	On 14 th June, 1978, 37,90,000 Bonus Shares were allotted in the ratio of 1 share for every 5 shares held.
1980-81	45,48,000	-	Bonus	2,72,88,000	Listed	On 29 th August, 1980, 45,48,000 Bonus Shares were allotted in the ratio of 1 share for every 5 shares held.
1984-85	29,38,050	-	-	3,02,26,050	Listed	On 1 st July, 1985, 29,38,050 shares were allotted to 1,18,290 Bond holders in exchange for accrued interest.
1985-86	29,42,060	-	-	3,31,68,110	Listed	Allotment of 29,42,060 shares to 1,16,574 bond holders in exchange for accrued interest.
1989-90	3,31,68,110	-	Bonus	6,63,36,220	Listed	On 11 th August, 1989, 3,31,68,110 Bonus Shares were allotted in the ratio of 1 share for every 1 share held.
1991-92	3,98,01,732	-	Bonus	10,61,37,952	Listed	On 2 nd December, 1991, 3,98,01,732 Bonus Shares were allotted in the ratio of 3 shares for every 5 shares held.
	1,05,95,075		Merger	11,67,33,027	Listed	On 10 th February, 1992, 1,05,95,075 shares were allotted consequent to the merger of erstwhile Tribeni Tissues Limited with the Company.
1993-94	45,00,000	479.96	-	12,12,33,027	Listed	On 20 th October, 1993, 45,00,000 shares were allotted consequent to the issue of equivalent number of Global Depository Receipts (GDRs) at an issue price of USD 15.30 (1 USD = INR 31.37) together with 15,00,000 Warrants, each exercisable between 20/4/1994 and 20/10/1995 into one GDR/share.





Date of Issue	No. of shares issued	Issue Price (₹) @ *	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No. of shares)	Whether listed, if not listed, give reasons thereof	Remarks
1994-95	12,13,18,177	-	Bonus	24,25,51,204	Listed	On 17 th November, 1994, 12,13,18,177 Bonus Shares were allotted in the ratio of 1 share for every 1 share held.
	2,85,550	322.07	-	24,28,36,754	Listed	Allotment of 2,85,550 shares consequent to exercise of 1,85,350 Warrants {out of the aforesaid 15,00,000 Warrants at exercise price of USD 15.30 per warrant} (1 USD = INR 32.43)
1995-96	25,78,150	271.04	-	24,54,14,904	Listed	Allotment of 25,78,150 shares consequent to exercise of 12,89,075 Warrants {out of the aforesaid 15,00,000 Warrants at Exercise Price of USD 15.30 per Warrant} (1 USD = INR 35.43)
2002-03	20,96,982	-	Merger	24,75,11,886	Listed	On 6 th May, 2002, 20,96,982 shares were allotted consequent to the amalgamation of erstwhile ITC Bhadrachalam Paperboards Limited with the Company.
2003-04	1,66,965	671.12	ESOP	24,76,78,851	Listed	Allotment of 1,66,965 shares under the Company's Employee Stock Option Schemes.
2004-05	5,42,478	687.96	ESOP	24,82,21,329	Listed	Allotment of 5,42,478 shares under the Company's Employee Stock Option Schemes.
2005-06	12,12,747	-	Merger	24,94,34,076	Listed	On 9 th May, 2005, 12,12,747 shares of ₹ 10/- each were allotted consequent to the amalgamation of erstwhile ITC Hotels Limited & erstwhile Ansal Hotels Limited with the Company.
	9,08,382	722.23	ESOP	25,03,42,458	Listed	Allotment of 9,08,382 shares under the Company's Employee Stock Option Schemes.
	-	-	Sub-division	2,50,34,24,580	Listed	25,03,42,458 shares of face value ₹ 10 were sub-divided into 2,50,34,24,580 shares of face value ₹ 1/- each with effect 28 th September, 2005
	1,25,17,12,290	-	Bonus	3,75,51,36,870	Listed	On 5 th October, 2005 1,25,17,12,290 Bonus Shares of ₹ 1/- each were allotted in the ratio of 1 share for every 2 shares held.
	41,990	80.24	ESOP	3,75,51,78,860	Listed	Allotment of 41,990 shares under the Company's Employee Stock Option Schemes.



Date of Issue	No. of shares issued	Issue Price (₹) @ *	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No. of shares)	Whether listed, if not listed, give reasons thereof	Remarks
2006-07	70,43,920	60.19	ESOP	3,76,22,22,780	Listed	Allotment of 70,43,920 shares under the Company's Employee Stock Option Schemes.
2007-08	63,87,270	69.87	ESOP	3,76,86,10,050	Listed	Allotment of 63,87,270 shares under the Company's Employee Stock Option Schemes.
2008-09	57,89,510	77.28	ESOP	3,77,43,99,560	Listed	Allotment of 57,89,510 shares under the Company's Employee Stock Option Schemes.
2009-10	4,37,77,230	164.64	ESOP	3,81,81,76,790	Listed	Allotment of 4,37,77,230 shares under the Company's Employee Stock Option Schemes.
2010-11	3,82,67,01,530	-	Bonus	7,64,48,78,320	Listed	On 6th August, 2010, 3,82,67,01,530 Bonus Shares were allotted in the ratio of 1 share for every 1 share held.
	9,32,65,960	96.91	ESOP	7,73,81,44,280	Listed	Allotment of 9,32,65,960 shares under the Company's Employee Stock Option Schemes.
2011-12	8,02,80,020	95.29	ESOP	7,81,84,24,300	Listed	Allotment of 8,02,80,020 shares under the Company's Employee Stock Option Schemes.
2012-13	8,34,08,810	110.58	ESOP	7,90,18,33,110	Listed	Allotment of 8,34,08,810 shares under the Company's Employee Stock Option Schemes.
2013-14	5,13,49,840	134.58	ESOP	7,95,31,82,950	Listed	Allotment of 5,13,49,840 shares under the Company's Employee Stock Option Schemes.
2014-15	6,22,48,830	157.24	ESOP	8,01,54,31,780	Listed	Allotment of 6,22,48,830 shares under the Company's Employee Stock Option Schemes.
	87,761	-	Merger	8,01,55,19,541	Listed	On 29 th August, 2014, 87,761 shares were allotted consequent to the Scheme of Arrangement between Wimco Limited and its shareholders and the Company and its shareholders.
2015-16	3,16,87,450	167.80	ESOP	8,04,72,06,991	Listed	Allotment of 3,16,87,450 shares under the Company's Employee Stock Option Schemes.
2016-17	4,02,66,57,100	-	Bonus	12,07,38,64,091	Listed	On 7 th July, 2016, 4,02,66,57,100 Bonus Shares were allotted in the ratio of 1 share for every 2 shares held.
	7,35,18,980	145.13	ESOP	12,14,73,83,071	Listed	Allotment of 7,35,18,980 shares under the Company's Employee Stock Option Schemes.

Date of Issue	No. of shares issued	Issue Price (₹) @ *	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No. of shares)	Whether listed, if not listed, give reasons thereof	Remarks
2017-18	5,69,11,840	160.39	ESOP	12,20,42,94,911	Listed	Allotment of 5,69,11,840 shares under the Company's Employee Stock Option Schemes.
2018-19	5,43,36,690	178.36	ESOP	12,25,86,31,601	Listed	Allotment of 5,43,36,690 shares under the Company's Employee Stock Option Schemes.
2019-20	3,35,99,640	186.10	ESOP	12,29,22,31,241	Listed	Allotment of 3,35,99,640 shares under the Company's Employee Stock Option Schemes.
2020-21	1,66,12,990	174.95	ESOP	12,30,88,44,231	Listed	Allotment of 1,66,12,990 shares under the Company's Employee Stock Option Schemes.
2021-22	1,44,11,700	202.49	ESOP	12,32,32,55,931	Listed	Allotment of 1,44,11,700 shares under the Company's Employee Stock Option Schemes.
2022-23	10,47,61,810	236.48	ESOP	12,42,80,17,741	Listed	Allotment of 10,47,61,810 shares under the Company's Employee Stock Option Schemes.
2023-24 (till 18 th August, 2023) #	3,68,21,760	249.71	ESOP	12,46,48,39,501	Listed	Allotment of 3,68,21,760 shares under the Company's Employee Stock Option Schemes.

[§] The Company was incorporated on 24th August, 1910 under The Indian Companies Act of 1882 with Authorised Share Capital of Rs. 1,000/- divided into 10 shares of Rs. 100/- each. Reliable data of the detailed evolution of the Company's paid-up share capital is not available for the initial years. Accordingly, the data attached relates to the period from 1970 (when the shares of the Company were first time listed on the Stock Exchanges) to till date.

@ For shares issued consequent to exercise of GDR Warrants, the issue price represents the weighted average exercise price of warrants exercised during the period adjusted for Bonus Issue.

* For ESOP allotment, issue price represents the weighted average exercise price of the options exercised during the period, adjusted for bonus issues/splits wherever applicable.

Post 18th August, 2023, 60,75,020 shares were allotted under the Company's Employee Stock Option Schemes. As on date, the Issued and Subscribed Share Capital of the Company is Rs. 1247,09,14,521/- divided into 1247,09,14,521 Ordinary Shares of Re. 1/- each.

Yours faithfully,
ITC Limited



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



Date: 4th October, 2023



S. GUHA & ASSOCIATES

Chartered Accountants

Head Office :

16/1, GIRISH VIDYA RATNA LANE, KOLKATA-700 009

Ph : (033) 2360 9686, 2350-6991 • E-mail : sguhaassociates@gmail.com • Website : sguhaassociates.com

Branches :

KOLKATA NEW DELHI MUMBAI SILIGURI AGARTALA DEOGHAR PATNA GUWAHATI PORT BLAIR BOLPUR

4th October, 2023

To

ITC Hotels Limited,

Virginia House,

37, J.L. Nehru Road,

Kolkata -700071.

Subject: Certificate on Capital Evolution of ITC Hotels Limited in respect of the proposed Scheme of Arrangement among ITC Limited, ITC Hotels Limited (hereinafter the "Company") and their respective shareholders and creditors in accordance with Sections 230 to 232 of the Companies Act, 2013.

Sir,

The Board of Directors of the Company, at their meeting held on 14th August, 2023, approved the Scheme of Arrangement amongst ITC Limited, the Company and their respective Shareholders and Creditors (hereinafter the "Scheme") in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

In this regard, at the request of the Company, we have reviewed the details of capital evolution of the Company as detailed in the Annexure, which we have initialled for the purpose of identification. The Annexure has been prepared by the Company for the purpose of submission to the National Stock Exchange of India Limited (NSE), BSE Limited (BSE) and The Calcutta Stock Exchange Limited (CSE) (collectively referred to as "Stock Exchanges"), Securities and Exchange Board of India (SEBI), National Company Law Tribunal (NCLT) and any other regulatory authorities in connection with the Scheme.

We have reviewed the Annexure along with the Certificate of Incorporation of the Company and share allotment details since inception of the Company.

Considering the above-mentioned documents and information provided to us by the management, we hereby certify that the details of capital evolution as provided in the Annexure are proper and appropriate.





S. GUHA & ASSOCIATES

Chartered Accountants

Head Office :

16/1, GIRISH VIDYA RATNA LANE, KOLKATA-700 009

Ph : (033) 2360 9686, 2350-6991 • E-mail : sguhaassociates@gmail.com • Website : sguhaassociates.com

Branches :

KOLKATA NEW DELHI MUMBAI SILIGURI AGARTALA DEOGHAR PATNA GUWAHATI PORT BLAIR BOLPUR

This certificate has been issued at the request of the Company for submission to the Stock Exchanges, SEBI, NCLT and any other regulatory authorities in connection with the Scheme. This certificate should be read together with Annexure attached herewith.

For S. Guha & Associates

Chartered Accountants

FRN:322493E

Sourabh Mitra

Sourabh Mitra

Partner

M. No. 308743

UDIN: 23308743BGUMHF5867

Kolkata



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

DETAILS OF CAPITAL EVOLUTION OF ITC HOTELS LIMITED (RESULTING COMPANY)

Date of Issue	No. of shares issued	Issue Price (₹)	Type of Issue (IPO/FPO/ Preferential Issue/ Scheme/ Bonus/ Rights, etc.)	Cumulative capital (No. of shares)	Whether listed, if not listed, give reasons thereof	Remarks
7 th August, 2023	83,00,00,000	1	Initial Subscription	83,00,00,000	Unlisted	ITC Hotels Limited was incorporated on 28 th July, 2023.

Yours faithfully,
ITC Hotels Limited



(R. Poddar)
Director
(DIN: 00297605)

Date: 4th October, 2023



(WHOLLY OWNED SUBSIDIARY OF ITC LTD.)

S R B C & 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 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 inquires 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.

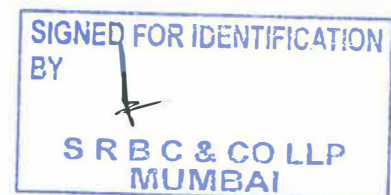
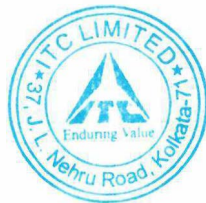
Notes:

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





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

CIN U67120MH1995PLC134050

Registered Office:

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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 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



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



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

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



Authorised Signatory

CERTIFIED TRUE COPY

SCHEME OF ARRANGEMENT

AMONGST

ITC LIMITED

AND

ITC HOTELS LIMITED

AND

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;

ITC Limited



(R. K. Singh)

Executive Vice President
& Company Secretary

ITC HOTELS LIMITED
Director



- (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.



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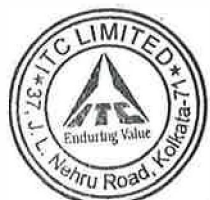
- (iii) The Resulting Company is a newly incorporated entity which will have the ability to raise capital from equity and debt markets towards funding its growth requirements.
- (iv) The Resulting Company as a focused entity would attract the right sets of investors, strategic partners and collaborations, 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 Depository (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 I' 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;



- (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 catch-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.



- 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



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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.



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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



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 NSF, 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.





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REPORT OF THE AUDIT COMMITTEE OF ITC LIMITED (“ITC” OR THE “COMPANY”) RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT AMONGST THE COMPANY AND ITC HOTELS LIMITED (“ITC HOTELS”) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS AT ITS MEETING HELD ON 14TH AUGUST, 2023 AT KOLKATA

1. Background

- 1.1** A meeting of the Audit Committee of the Company was held on 14th August, 2023, to consider and, if thought fit, recommend to the Board of Directors of the Company, the proposed scheme of arrangement amongst the Company and ITC Hotels (the Company and ITC Hotels collectively referred to as, the “Companies”) and their respective shareholders and creditors pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, the rules and/or regulations made thereunder (as amended from time to time) (“Companies Act”), Section 2(19AA) read with other relevant provisions of the Income Tax Act, 1961 (as amended from time to time) (“IT Act”) and other applicable laws including 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” and such scheme, the “Scheme”).
- 1.2** 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”).
- 1.3** 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 is presently not listed on any stock exchange.
- 1.4** In terms of the SEBI Scheme Circular, a report from the Audit Committee (“Committee”) recommending the draft Scheme is required, taking into consideration *inter alia* the SER Report (*as defined hereinafter*), and commenting on the need for the Scheme, rationale of the Scheme, synergies of business of the entities involved in the Scheme, impact of the Scheme on the shareholders and cost benefit analysis of the Scheme. This report of the Audit Committee has been made in compliance with the requirements of the SEBI Scheme Circular issued by SEBI pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”).

1.5 The following documents were placed before the Committee for its consideration:

- (a) Draft Scheme;
- (b) Share Entitlement Ratio Report dated 14th August, 2023 (“**SER Report**”) issued by Registered Valuer 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 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. 324982E/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 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.

2. Salient features of the Scheme

The Committee discussed and noted the salient features of the Scheme, rationale and the need of the proposed arrangement, synergies of the entities involved, impact of the Scheme on the shareholders and cost benefit analysis of the Scheme as below:

- (a) the Demerger (*as defined in the Scheme*) of the Demerged Undertaking (*as defined in the Scheme*) comprising the Hotels Business (*as defined in the Scheme*) of the Company into ITC Hotels (“**Resulting Company**”), on a going concern basis and in consideration, the consequent issuance of equity shares by ITC Hotels to all the members of the Company in accordance with the Share Entitlement Ratio



(as defined below), pursuant to the provisions of Section 2(19AA) and other relevant provisions of the IT Act;

- (b) various other matters consequential or otherwise integrally connected therewith, including changes to the share capital and securities premium account of the Resulting Company.

2.1 Upon the Scheme becoming effective and in consideration of the Demerger, ITC Hotels shall issue and allot equity shares, credited as fully paid-up to the members of the Company who are holding fully paid up equity shares of the Company and whose names appear in the register of members, including register and index of beneficial owners maintained by the depositories 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, as recommended by PwC:

“for every 10 (Ten) Ordinary Shares of face and paid-up value of Re. 1 each held in ITC, 1 (One) equity share of face and paid-up value of Re. 1 in ITC Hotels” (“Share Entitlement Ratio”)

2.2 The existing shareholding of the Company in ITC Hotels shall continue upon the Scheme becoming effective and following the issuance of the equity shares in accordance with paragraph 2.1 above, the Company’s shareholding in ITC Hotels shall stand at approx. 40% of ITC Hotel’s issued and paid up share capital.

2.3 The equity shares of ITC Hotels will be listed and admitted to trading on the BSE and NSE in compliance with SEBI Scheme Circular and other relevant provisions as applicable.

2.4 The Appointed Date for the proposed Scheme is same as the Effective Date or such other date as may be mutually agreed by the Companies.

2.5 The Effective Date for the proposed Scheme is 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 (as set out below) have occurred or have been fulfilled, obtained or waived, as applicable, in accordance with the Scheme.

2.6 The Scheme is and shall be subject to certain conditions precedent therein, including:

- (a) 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 Company and ITC Hotels as required under the Companies Act, SEBI Scheme Circular and as may be directed by the National Company Law Tribunal, Kolkata Bench (“NCLT”), subject to any dispensation that may be granted by the NCLT.



- (b) the fulfilment, satisfaction or waiver (as the case may be) of any approvals mutually agreed by the Companies as being required for completion of the transactions contemplated under the Scheme.
- (c) receipt of observation or no-objection letter by the Company from the SEBI / Stock Exchanges under Regulation 37 of the SEBI LODR Regulations, in accordance with the SEBI Scheme Circular in respect of the Scheme, on terms acceptable to the Companies.
- (d) 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.
- (e) the certified/authenticated copies of the Sanction Order(s) of the NCLT approving the Scheme being filed with the Registrar of Companies.

2.7 Rationale of the Scheme

2.7.1 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.

2.7.2 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.

2.8 Need for the arrangement

The Company is engaged in various businesses including Hotels Business. The 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, while continuing to leverage ITC's institutional strengths, strong brand equity and goodwill.

It is therefore proposed to segregate the Hotels Business from the remaining business undertaken by the Company through the proposed Scheme.

Scheme will result in the listing of ITC Hotels as a separate entity for Hotels Business which *inter-alia* will:

- (i) facilitate independent pursuit of accelerated growth with sharper focus on the business based on a differentiated strategy aligned with industry dynamics;
 - (ii) provide the shareholders of the Company, the option and flexibility to remain invested in a pure play hospitality focused listed entity;
 - (iii) enable the independent company to operate with an optimal capital structure and attract different set of investors, strategic partners, lenders and other stakeholders having specific interest in the Hotels Business and as well allow potential investors and other shareholders the option of being associated with business of their choice;
 - (iv) unlock value for the shareholders.
- 

2.9 Synergies of business of the entities involved in the Scheme

The demerger will create a separate listed company comprising the Hotels Business thereby unlocking the potential value of the Hotels Business for the Company's shareholders. Since ITC will continue to hold appx. 40% stake in ITC Hotels post Demerger, it will ensure long term stability apart from providing strategic support to ITC Hotels.

ITC Hotels will continue to leverage on ITC's brand reputation, sustainability credentials, talent pool, digital capabilities, robust governance, systems & processes, sourcing quality products etc. through suitable arrangements and institutional mechanisms. Similarly, 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. Thus, the proposed Demerger is expected to provide synergistic benefits to both ITC and ITC Hotels.


2.10 Impact of the Scheme on the shareholders of the Company

- (i) The Scheme by way of segregating Hotels Business is expected to be beneficial to the shareholders of the Company as it would enable crafting of the next horizon of growth and sustained value creation for shareholders.
- (ii) All the shareholders of the Company shall, upon Demerger be the ultimate beneficial economic owners of ITC Hotels and upon allotment of equity shares of ITC Hotels as per Share Entitlement Ratio recommended under the SER Report, the ultimate beneficial economic interest of the shareholders in the share capital of ITC Hotels shall be the same as in the share capital of the Company. That is, shareholders of the Company will have direct interest over ITC Hotels through the approx. 60% of the share capital proposed to be issued by ITC Hotels (*in the same proportion as they hold shares in the Company*) and approx. 40% of the interest in ITC Hotels will be held indirectly through their shareholding in the Company.
- (iii) Further, the shareholders of the Company will have the option and flexibility to remain invested in a pure play hospitality focused listed entity. The shareholders of the Company will also *inter-alia* benefit from the Company's strategic support to ITC Hotels, long term stability of ITC Hotels under the proposed demerger and continued access to synergies for both the Company and ITC Hotels.

Thus, the Scheme is expected to be beneficial to the shareholders of the Company.

2.11 Cost benefit analysis of the Scheme

The Audit Committee is of the view that the benefits of the Scheme for the Company and its stakeholders as stated in para 2.7, 2.8 and 2.9 above would far outweigh the transaction costs relating to its implementation.



3. Recommendation of the Audit Committee

- 3.1** The Audit Committee has reviewed the SER Report and noted the recommendations that the proposed Share Entitlement Ratio is fair and reasonable. Further, the Fairness Opinion has confirmed the recommended Share Entitlement Ratio in the SER Report as being fair to the shareholders of the Company.
- 3.2** Taking into consideration the draft Scheme, SER Report, Fairness Opinion, need for the Scheme, rationale of the Scheme, synergies of business of the entities involved in the Scheme, impact of the Scheme on the shareholders, cost benefit analysis of the Scheme, and other relevant documents, as placed, the Audit Committee, after due deliberation and consideration, recommends the draft Scheme for favourable consideration and approval by the Board of Directors of the Company, Stock Exchanges, SEBI and other appropriate authorities.



(A. Duggal)

Chairman - Audit Committee

DIN: 00024262

Date: 14th August, 2023

Place: Kolkata