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 (NSEI:ITC) and Bombay Stock Exchange (BSE:500875), having a CIN L16005WB1910PLC001985. ITC is also listed on the Calcutta Stock Exchange and its GDRs are listed in the Luxemburg stock exchange.

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

SCOPE AND PURPOSE OF THIS REPORT

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

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

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

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

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

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

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

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

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

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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.

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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.

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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.

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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

PwC Business Consulting Services LLP

Neeraj Garg
Partner
IBBI Membership No: IBBI/RV/02/2021/14036
Date: 14 August 2023
RVN: IOVRVF/PWC/2023-2024/2223

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

Enduring Value

1st September, 2023

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

Dear Sir,

Sub: Share Entitlement Ratio Report dated 14th August, 2023 issued by PwC Business Consulting Services LLP, Registered Valuer

Ref: Application under Regulation 37 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the 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")

In connection with the above application and concerning captioned Share Entitlement Ratio Report, we hereby confirm that no material event impacting the Share Entitlement Ratio has occurred during the intervening period of filing the Scheme documents with the NSE and period under consideration (i.e. from 14st August, 2023 till date).

Yours faithfully,
ITC Limited

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

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

Enduring Value

1st September, 2023

The General Manager
Department of Corporate Services
BSE Limited, P.J. Towers
Dalal Street
Mumbai 400 001

Dear Sir,

Sub: Share Entitlement Ratio Report dated 14th August, 2023 issued by PwC Business Consulting Services LLP, Registered Valuer

Ref: Application under Regulation 37 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the 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")

In connection with the above application and concerning captioned Share Entitlement Ratio Report, we hereby confirm that no material event impacting the share entitlement ratio has occurred during the intervening period of filing the Scheme documents with the BSE Limited and period under consideration (i.e. from 14st August, 2023 till date).

Yours faithfully,
ITC Limited

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

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

Enduring Value

1st September, 2023

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

Dear Sir,

Sub: Share Entitlement Ratio Report dated 14th August, 2023 issued by PwC Business Consulting Services LLP, Registered Valuer

Ref: Application under Regulation 37 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the 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")

In connection with the above application and concerning captioned Share Entitlement Ratio Report, we hereby confirm that no material event impacting the share entitlement ratio has occurred during the intervening period of filing the Scheme documents with the CSE and period under consideration (i.e. from 14st August, 2023 till date).

Yours faithfully,
ITC Limited

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