

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

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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,



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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





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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

