INFORMATION MEMORANDUM
January 22, 2025

ITC HOTELS LIMITED

ITC Hotels Limited ("**Company**" or "**Resulting Company**") was incorporated as a public limited company under the Companies Act, 2013 and a certificate of incorporation dated July 28, 2023 was issued by the Registrar of Companies, Kolkata, at West Bengal. For further details, please see "*History and Certain Corporate Matters*" on page 175 of this Information Memorandum.

Corporate Identity Number: U55101WB2023PLC263914
Registered Office: Virginia House, 37 Jawaharlal Nehru Road, Kolkata 700 071, West Bengal, India; **Tel:** 033-2288 9371
Corporate Office: ITC Green Centre, 10 Institutional Area, Sector 32, Gurugram 122 001, Haryana, India; **Tel:** 0124-417 1717
Website: www.itchotels.com; **Email:** investorservices@itchotels.in
Contact Person: Mr. Diwaker Dinesh, Company Secretary and Compliance Officer

PROMOTER OF THE COMPANY: ITC Limited

INFORMATION MEMORANDUM FOR LISTING OF 2,08,11,71,040 EQUITY SHARES OF ₹ 1/- EACH PURSUANT TO THE SCHEME OF ARRANGEMENT

NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM

GENERAL RISKS
Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in Equity Shares unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision. For taking an investment decision, investors must rely on their own examination of our Company, including the risks involved. The Equity Shares of our Company have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Information Memorandum. Specific attention of the investors is invited to "*Risk Factors*" on page 21.
OUR COMPANY'S ABSOLUTE RESPONSIBILITY
Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Information Memorandum contains all information with regard to our Company which is material, that the information contained in this Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect.
LISTING
The Equity Shares of our Company are proposed to be listed on the National Stock Exchange of India Limited ("**NSE**") and the BSE Limited ("**BSE**") (hereinafter collectively, referred to as the "**Stock Exchanges**"). Our Company has received 'in-principle' approvals from NSE and BSE for listing of Equity Shares pursuant to their letters dated January 17, 2025. For the purposes of listing of our Equity Shares pursuant to the Scheme of Arrangement, NSE is the Designated Stock Exchange. Our Company has submitted this Information Memorandum to NSE and BSE, and the same is made available on our Company's website www.itchotels.com. The Information Memorandum is also available on the respective website of the Stock Exchanges at www.nseindia.com and www.bseindia.com. Further, our Company has been granted exemption from the application of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 by SEBI vide letter no. SEBI/HO/CFD/CFD-RAC-DCR1/P/OW/2025/2078/1 dated January 20, 2025.

REGISTRAR AND SHARE TRANSFER AGENT	
	KFin Technologies Limited Selenium Building, Tower B, Plot Nos. 31 and 32, Financial District, Nanakramguda, Serilingampally Rangareddi, Hyderabad 500 032, Telangana, India **Tel:** 040-7961 1000 and 1800 309 4001 (toll free) **Email:** compliance.corp@kfintech.com **Website:** www.kfintech.com **Investor grievance email:** einward.ris@kfintech.com **Contact Person:** Mr. Nagesh Govu, Senior Vice President **SEBI Registration No:** INR000000221

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Information Memorandum uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meanings ascribed to such terms herein, and references to any legislation, act, regulation, rule, guideline, policy, circular, notification or clarification will include any amendments or re-enactments thereto, from time to time.

Company and Scheme Related Terms

Term	Description
"the Company" or "Resulting Company" or "ITC Hotels"	ITC Hotels Limited, a company incorporated under the Companies Act, 2013, with its registered office situated at Virginia House, 37 Jawaharlal Nehru Road, Kolkata 700 071, West Bengal, India
"We" or "us" or "our" or "our Company"	Unless the context otherwise indicates or implies, our Company together with its Subsidiaries, Associates and Joint Venture Companies, on a consolidated basis, as applicable on the respective dates
"Demerged Company" or "ITC Limited"	ITC Limited, a company incorporated under the Indian Companies Act, 1882 and being a company within the meaning of the Companies Act, 2013, with its registered office situated at Virginia House, 37 Jawaharlal Nehru Road, Kolkata 700 071, West Bengal, India
"Articles of Association" or "Articles" or "AoA"	The Articles of Association of the Company, as amended from time to time
Appointed Date	January 1, 2025
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 authorised 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 organisation to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organisation have the force of law; (c) any stock exchange of India or any other country, the Registrar of Companies, Regional Director, MCA, RBI, SEBI, Official Liquidator, NCLT, and any other sectoral regulators or authorities as may be applicable; and (d) anybody 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 organisation
Associates	Gujarat Hotels Limited and International Travel House Limited
Audit Committee	Audit Committee of the Company constituted in accordance with Regulation 18 of the SEBI Listing Regulations and Section 177 of the Companies Act, 2013, as described in "*Our Management*" on page 186
Audited Financial Statements	Audited Financial Statements of the Company for the period from July 28, 2023 till March 31, 2024 and for the six months period ended September 30, 2024
"Auditor" or "Statutory Auditors"	S.R. Batliboi & Co. LLP, Chartered Accountants
"Board" or "Board of Directors"	Board of Directors of the Company
"Central Government" or "Government" or "Government of India" or "GoI"	The Government of India

Term	Description
Chief Financial Officer	Being the Chief Financial Officer of the Company For details, see "*Our Management*" on page 186
Companies Act, 1956	Erstwhile Companies Act, 1956, along with relevant rules, regulations, clarifications and modifications made thereunder
Companies Act, 2013	Companies Act, 2013, along with relevant rules, regulations, clarifications and modifications made thereunder
Company Secretary and Compliance Officer	Being the Company Secretary and Compliance Officer of the Company For details, see "*Our Management*" on page 186
Competition Act	Competition Act, 2002, along with relevant rules, regulations, clarifications and modifications made thereunder
Corporate Office	ITC Green Centre, 10 Institutional Area, Sector-32, Gurugram 122 001, Haryana, India
Corporate Social Responsibility Committee	Corporate Social Responsibility Committee of the Company, constituted in accordance with Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as described in "*Our Management*" on page 186
Demerged Employees	All the employees of the Demerged Company who are engaged in or relate to the Demerged Undertaking as on the Effective Date
Demerged Undertaking	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, 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,

Term	Description
	bonds, debentures, debenture stock, units or pass through certificates, securities, the benefits of any bank guarantees, performance guarantees and Tax related assets/credits pertaining to the Hotels Business, including but not limited to goods and service tax input credits (if transferable), sales tax/entry tax/TDS/TCS credits or set-offs, withholding tax/TDS/ TCS, Taxes withheld/paid in a foreign country, self assessment tax, regular tax, surcharge, cess, Tax refunds, rights of any claim not made by the Demerged Company in respect of any refund of Tax, duty, cess or other charge, including any erroneous or excess payment thereof made by the Demerged Company and any interest thereon, with regard to any law, act or rule or scheme made by the Appropriate Authority, deferred tax assets/liabilities, accumulated losses under the IT Act and allowance for unabsorbed depreciation under the IT Act; (c) all permits, licenses, permissions, right of way, approvals, authorisations, clearances, consents, benefits, registrations, rights, entitlements, credits, certificates, certifications, accreditations, awards, sanctions, privileges, memberships, allotments, quotas, no objection certificates, exemptions, pre-qualifications, bid acceptances, concessions, subsidies, Tax deferrals, and exemptions, Tax benefits and other benefits (in each case including the benefit of any applications made for the same), if any, liberties and advantages, and other licenses or clearances granted/ issued/ given by any governmental, statutory or regulatory or local or administrative bodies, organisations 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

Term	Description
	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 Scheme of Arrangement; (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.
Depository	A depository registered with the SEBI under the Depositories Act, 1996
Designated Stock Exchange	National Stock Exchange of India Limited
Director(s)	The director(s) on the Board of the Company
Effective Date	January 1, 2025
Equity Shares	Equity shares of the Company of face value ₹ 1/- each
"Financial Year" or "Fiscal" or "Fiscal Year" or "FY"	Period of 12 months ended March 31 of that particular year
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
GDR Depositary	Citibank N.A., being the depositary for the GDRs of ITC Limited appointed under the Deposit Agreement dated October 20, 1993, or any other successor/ replacement depositary appointed upon termination of the said Deposit Agreement
GDRs	Global Depository Receipts issued by the GDR Depositary pursuant to the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, as amended from time to time, and other applicable laws
Group Company(ies)	Includes companies (other than Promoter and Subsidiaries) with which the Company had related party transactions, during the period for which financial information is disclosed in this Information Memorandum, as covered under the applicable Accounting Standards and any other company as considered material by the Board of the Company

Term	Description
Hotels Business	The hotels business of ITC Limited before it was transferred to ITC Hotels Limited pursuant to the Scheme
Income Tax Act / IT Act	Income-tax Act, 1961, along with relevant rules, regulations, clarifications and modifications made thereunder
Independent Director(s)	The Independent Directors of the Company in terms of Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations
"Industry Reports" / "Horwath HTL Reports"	Report titled "*Industry Report – India Hotel Sector*" and "*Industry Report – Sri Lanka Hotel Sector*" dated January 11, 2025 each prepared by Crowe Horwath HTL Consultants Private Limited
Information Memorandum	Information Memorandum dated January 22, 2025 of the Company for listing of Equity Shares pursuant to the Scheme of Arrangement and filed with the Stock Exchanges in accordance with the applicable laws
Joint Venture	Joint Venture of the Company being Maharaja Heritage Resorts Limited
"Key Managerial Personnel" or "KMP"	Key Managerial Personnel of the Company in terms of Section 2(51) of the Companies Act, 2013 and Regulation 2(1)(bb) of the SEBI ICDR Regulations, as described in "*Our Management*" on page 186
Materiality Policy on disclosures under SEBI ICDR Regulations	The criteria defined by the Board for identification of material Group Companies and outstanding material litigations pursuant to the requirements under the SEBI ICDR Regulations for the purpose of disclosure in this Information Memorandum
"Memorandum of Association" or "MoA"	Memorandum of Association of the Company, as amended from time to time
"NCLT" or "Tribunal"	National Company Law Tribunal, Kolkata Bench
Net Worth	Net worth of the Company in terms of Regulation 2(1)(hh) of the SEBI ICDR Regulations
"New Equity Shares" or "Resulting Company New Equity Shares"	Fully paid-up Equity Shares of the Company having face value of ₹ 1 each allotted by the Company as consideration in terms of clause 18 of the Scheme
Nomination and Remuneration Committee	Nomination and Remuneration Committee of the Company constituted in accordance with Regulation 19 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013, as described in "*Our Management*" on page 186
Pro Forma Financials	Pro Forma Consolidated Financial Information of the Hotels Business (Demerged Undertaking) for last three Financial Years and for six months period ended September 30, 2024 and September 30, 2023
Promoter	The promoter of the Company, being ITC Limited. For further details, see "*Our Promoter and Promoter Group*" on page 208
Record Date	January 6, 2025 being the date for determining the shareholders of ITC Limited for allotment of the New Equity Shares of the Resulting Company
Registered Office	Registered Office of the Resulting Company situated at Virginia House, 37 Jawaharlal Nehru Road, Kolkata 700 071, West Bengal, India
Registrar and Share Transfer Agent	KFin Technologies Limited
"Registrar of Companies" or "RoC"	Registrar of Companies, Kolkata at West Bengal
Remaining Business	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
RevPAR	Revenue per available room

Term	Description
Risk Management Committee	Risk Management Committee of the Company constituted in accordance with Regulation 21 of the SEBI Listing Regulations, as described in "*Our Management*" on page 186
Sanction Order	Order of NCLT dated October 4, 2024 sanctioning the Scheme of Arrangement
"Scheme of Arrangement" or "Scheme"	Scheme of Arrangement amongst ITC Limited and ITC Hotels Limited and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, as sanctioned by the NCLT on October 4, 2024
SEBI Circular	SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, as amended from time to time
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
SEBI Investment Advisers Regulations	Securities and Exchange Board of India (Investment Advisers) Regulations, 2013
SEBI Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI BTI Regulations	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI Mutual Fund Regulations	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
SEBI SBEB Regulations	Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations
Senior Management	Senior Management of the Company as described in "*Our Management – Senior Management*" on page 203
Special Purpose ESOP Scheme	'Resulting Company Special Purpose ESOP Scheme' of the Company in accordance with Clause 10.7 of the Scheme
Shareholders	Shareholders holding Equity Shares of the Company from time to time
Securityholders Relationship Committee	The Securityholders Relationship Committee of the Company constituted in accordance with Regulation 20 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013, as described in "*Our Management*" on page 186
Subsidiaries	The Subsidiaries of the Company being the following: (i) Fortune Park Hotels Limited; (ii) Bay Islands Hotels Limited; (iii) Landbase India Limited; (iv) Srinivasa Resorts Limited; and (v) WelcomHotels Lanka (Private) Limited
Wilful defaulter or a fraudulent borrower	A person or an issuer who or which is categorised as a wilful defaulter or a fraudulent borrower by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters or fraudulent borrowers issued

Term	Description
	by the Reserve Bank of India, in accordance with Regulation 2(1)(lll) of the SEBI ICDR Regulations

Conventional and General Terms and Abbreviations

Term	Description
₹ / Rs. / Rupees / INR	Indian Rupees
€ / EUR / Euro(s)	Euros, the legal currency of 20 of 27 member states of European Union
$ / US$ / USD / U.S. Dollars	US Dollars, the legal currency of the United States of America
AI	Artificial Intelligence
AIF(s)	Alternative Investment Funds
ARR	Average Room Rate
Asset Turnover	Total revenue divided by average assets
Bn / bn	Billion
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CIN	Corporate Identity Number
Cr / cr	Crore(s)
Companies Act / Companies Act, 2013	Companies Act, 2013, as applicable, along with relevant rules, regulations, clarifications and modifications made thereunder
Consolidated FDI Policy	Consolidated Foreign Direct Investment Policy dated October 15, 2020 issued by the Department of Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof issued from time to time
CSR	Corporate Social Responsibility
Debt to Equity Ratio	Total borrowings (excluding Preference Shares) reduced by cash and cash equivalents (excluding term deposits) divided by total equity
Demat	Dematerialised
Depositories	Together, NSDL and CDSL
Depositories Act	Depositories Act, 1996
DIN	Director Identification Number
DRs	Depository Receipts
DP ID	Depository Participant's Identification
DP / Depository Participant	A Depository Participant as defined under the Depositories Act
EBITDA	Earnings before interest, taxes, depreciation, and amortization
EBITDA Margin	EBITDA divided by total income
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
ESG	Environment, Social and Governance
ESOP	Employee Stock Option
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999, read with rules and regulations issued thereunder

Term	Description
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial Year / Fiscal / Fiscal Year / FY	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FPI	Foreign Portfolio Investors as defined under the SEBI FPI Regulations
FSS Act	Food Safety and Standards Act, 2006
GoI / Government / Central Government	Government of India
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GST	Goods and Services Tax
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
IIM	Indian Institute of Management
Inc.	Incorporated
Income Tax Act	Income-tax Act, 1961
Ind AS	Indian Accounting Standards notified under Section 133 of the Companies Act and referred to in the Companies (Indian Accounting Standards) Rules, 2015
India	Republic of India
IoT	Internet of Things
IPC	Indian Penal Code
IPO	Initial Public Offering
IRDAI	Insurance Regulatory and Development Authority of India
ISIN	International Securities Identification Number allotted by the Depository
ISO	International Organisation for Standardisation
IST	Indian Standard Time
IT	Information Technology
ITA 2000	The Information Technology Act, 2000
KYC	Know Your Customer
LKR	Sri Lankan Rupees
LLC	Limited Liability Company
LLP	Limited Liability Partnership
LM Act	Legal Metrology Act, 2009
M&A	Mergers and Acquisitions
MCA	Ministry of Corporate Affairs, Government of India
Mn / mn	Million(s)
MSMEs	Small scale undertakings as per the Micro, Small and Medium Enterprises Development Act, 2006
Mutual Funds	Mutual Funds registered under the SEBI Mutual Fund Regulations
NACH	National Automated Clearing House
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer

Term	Description
Negotiable Instruments Act	Negotiable Instruments Act, 1881
No.	Number
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OHSAS	Occupational Health & Safety Assessment Series
p.a.	Per annum
P/E Ratio	Price to Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PAT Margin	PAT divided by total income
PBT	Profit Before Tax
R & D	Research and Development
RBI	Reserve Bank of India
Return on Capital Employed	Earnings before interest, tax, other income and exceptional items divided by capital employed
Return on net worth	Net profit after tax divided by net worth
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
State Government	The government of a state in India
Stock Exchanges	NSE and BSE
STT	Securities Transaction Tax
TAN	Tax deduction account number
U.S. Securities Act	U.S. Securities Act of 1933

Industry Related Terms

Abbreviation	Description
ADR	Average Daily Rate
BIA	Bandaranaike International Airport
BPO	Business Process Outsourcing
CHHTL	Crowe Horwath HTL Consultants Private Limited
COVID	Coronavirus Disease
CPI	Consumer Price Index
CRM	Customer Relationship Management
CSE	Colombo Stock Exchange
CY	Calendar Year
D2C	Direct to Customer
F&B	Food & Beverage
FHRAI	Federation of Hotel and Restaurant Association of India
FMCG	Fast Moving Consumer Goods
FTA	Foreign Tourist Arrivals
GCC	Global Capability Centres
GDPR	General Data Protection Regulation

Abbreviation	Description
HAI	Hotel Association of India
HFI	High Frequency Indicators
IMF	International Monetary Fund
ITeS	Information Technology Enabled Services
k	Thousand
MICE	Meetings, Incentives, Conferences and Exhibitions
MPPA	Million Passengers Per Annum
MRIA	Mattala Rajapaksa International Airport
NCR	National Capital Region
NIPFP	National Institute of Public Finance & Policy
PFCE	Private Final Consumption Expenditure
PPP	Purchasing Power Parity
R&D	Research & Development
REVPAR	Revenue Per Available Room
SAARS	Severe Acute Respiratory Syndrome
SEZ	Special Economic Zone
SLTDA	Sri Lanka Tourism Development Authority
UDAN	Ude Desh ka Aam Naagrik
UNESCO	United Nations Educational, Scientific and Cultural Organisation
WTTC	World Travel & Tourism Council
YTD	Year to Date

CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION

All references in this Information Memorandum to "India" are to the Republic of India. All references to the "Government", "Indian Government", "GoI", "Central Government" or the "State Government" are to the Government of India, central or state, as applicable. Unless stated otherwise, all references to page numbers in this Information Memorandum are to the page numbers of this Information Memorandum.

Financial Data

Unless stated otherwise, the financial data pertaining to our Company in this Information Memorandum is derived from our audited financial statements since incorporation i.e., July 28, 2023 till the period ended September 30, 2024 which are represented in ₹ crores. Our audited financial statements, including the reports issued by the Statutory Auditors, included in this Information Memorandum, have been prepared in accordance with Ind AS and the Companies Act, 2013.

Our Company's Financial Year is a twelve month period commencing on April 1 of a calendar year and ending on March 31 of the succeeding calendar year, and all references to a particular Financial Year shall be construed accordingly. Unless the context requires otherwise, all references to a 'Year' in this Information Memorandum are to a calendar year and references to a 'Fiscal/Financial Year' are to the year ended on March 31, of that calendar year.

Our Company was incorporated on July 28, 2023 with our first financial year commencing on July 28, 2023 and ending on March 31, 2024. The Board has approved the audited financial statement for the first financial year ended March 31, 2024 on April 23, 2024. Additionally, the Board has approved the audited financial statement for the six months period ended September 30, 2024 on December 31, 2024.

Industry and Market Data

Unless stated otherwise, industry and market data used in this Information Memorandum have been obtained or derived from the reports titled "*Industry Report – India Hotel Sector*" and "*Industry Report – Sri Lanka Hotel Sector*" each dated January 11, 2025, which are exclusively prepared by Crowe Horwath HTL Consultants Private Limited for the purpose of listing of Equity Shares of our Company and are commissioned and paid for by our Company. The Industry Reports will be available on the website of our Company at www.itchotels.com. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. This Information Memorandum contains data and statistics from the Industry Reports, which is subject to the following disclaimer:

<u>Industry Report - India Hotel Sector:</u>

"*Crowe Horwath HTL Consultants Private Limited (CHHTL) does not accept any liability arising out of reliance by any person or entity on contents of its report, or any information contained in its report, or for any errors or omissions in its report. Any use, reliance or publication by any person or entity on contents of its report or any part of it is at their own risk. In no event shall CHHTL or its directors or personnel be liable to any party for any damage, loss, cost, expense, injury or other liability that arises out of or in connection with this report including, without limitation, any indirect, special, incidental, punitive or consequential loss, liability or damage of any kind.*

Our opinions are based on information available to us at the time of preparation of the report and economic, market and other conditions prevailing at the date of this report. Such conditions may change significantly over relatively short periods of time. Should circumstances change significantly, or additional information become available, after the issuance of this report, the conclusions and opinions expressed herein may require revision. There is no requirement for CHHTL to update this report in any such circumstances. The statements and opinions expressed in this report are made in good faith and in the belief that such statements and opinions are not false or misleading. Recipients should make their own enquiries and evaluations they consider appropriate to verify the information contained in the Industry Report. This Industry Report does not purport to provide all of the information the recipient may require in order to arrive at a decision.

Forward-Looking Statements

This Industry Report contains estimates / projections / outlook and statements that may be regarded as forward-looking statements. These statements are based on a number of assumptions, expectations and estimates which, while considered by us to be reasonable, are inherently subject to significant uncertainties and contingencies *many of which are beyond the control of ourselves or ITC Hotels Ltd. (on whose behalf this report has been prepared) or which may reflect future business decisions which are subject to change. Recipients of this information are advised that the estimates / projections / outlook may be regarded as inherently tentative. Due to the subjective judgments and inherent uncertainties of statements about future events, there can be no assurance that the future results, or subsequent estimates / projections / outlook will not vary significantly from the estimates / projections / outlook and other statements set out in Industry Report.*

This disclaimer must accompany every copy of this Industry Report, which is an integral document and must be read in its entirety."

Industry Report - Sri Lanka Hotel Sector:

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Our opinions are based on information available to us at the time of preparation of the report and economic, market and other conditions prevailing at the date of this report. Such conditions may change significantly over relatively short periods of time. Should circumstances change significantly, or additional information become available, after the issuance of this report, the conclusions and opinions expressed herein may require revision. There is no requirement for CHHTL to update this report in any such circumstances. The statements and opinions expressed in this report are made in good faith and in the belief that such statements and opinions are not false or misleading. Recipients should make their own enquiries and evaluations they consider appropriate to verify the information contained in the Industry Report. This Industry Report does not purport to provide all of the information the recipient may require in order to arrive at a decision.

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This disclaimer must accompany every copy of this Industry Report, which is an integral document and must be read in its entirety".

Crowe Horwath HTL Consultants Private Limited is an independent agency which has no relationship with our Company, our Promoters, any of our Directors, Key Managerial Personnel or Senior Management.

For details on risks in relation to the Industry Reports, see "*Risk Factors – This Information Memorandum contains information from third-party industry sources, including the Industry Reports, which has been exclusively commissioned and paid for by our Company solely for the purposes of preparing this Information Memorandum. Such information is based on certain assumptions and prospective investors are advised not to place undue reliance on such information.*" on page 37.

Although, we believe that the industry and market data used in this Information Memorandum is reliable, industry sources and publications may base their information on estimates and assumptions that may prove to be incorrect. The data used in these sources may have been reclassified by our Company for the purposes of presentation. Data from these sources may also not be comparable with the data presented by other companies.

The extent to which the market and industry data presented in this Information Memorandum is meaningful depends upon the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Company is conducted, and methodologies and assumptions may vary widely among different market and industry sources.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors*" on page 21. Accordingly, investment decisions should not be based solely on such information.

Other disclaimers

Disclaimer of Marriott

"THE MARRIOTT GROUP (WHICH INCLUDES MARRIOTT AND ITS AFFILIATES) IS NOT A PROMOTER OR SPONSOR OF THE COMPANY. THE MARRIOTT GROUP DOES NOT, AND WILL NOT, VOUCH FOR THE ACCURACY AND COMPLETENESS OF ANY STATEMENTS OR INFORMATION INCLUDED IN THIS INFORMATION MEMORANDUM AND SHALL NOT BE HELD RESPONSIBLE FOR THE SAME. FURTHER, OUR COMPANY HAS NO RIGHTS OR INTERESTS OVER THE INTELLECTUAL PROPERTY OWNED BY THE MARRIOTT GROUP."

Currency and Units of Presentation

Unless otherwise specified or the context otherwise requires, all references to:

- "*INR*", *"Rs."*, "*₹*", "*Indian Rupees*" and "*Rupees*" are to the legal currency of India;
- "*US$*", "*USD*", "*$*" and "*U.S. Dollars*" are to the legal currency of the United States of America;
- "*EUR*" and "*€*" are to the legal currency of 20 of 27 member states of European Union; and
- "*LKR*" is to the legal currency of Sri Lanka.

In this Information Memorandum, our Company has presented certain numerical information. All figures have been expressed in crores, unless otherwise stated. One crore represents '10 million' or '100 lakhs' or 1,00,00,000. However, where any figures that may have been sourced from third-party industry sources are expressed in denominations other than crores, such figures appear in this Information Memorandum expressed in such denominations as provided in their respective sources.

FORWARD LOOKING STATEMENTS

This Information Memorandum contains certain "forward-looking statements". Certain statements contained in this Information Memorandum that are not statements of historical fact constitute forward-looking statements. These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "continue", "can", "could", "estimate", "expect", "future", "forecast", "intend", "likely to", "may", "objective", "plan", "potential", "project", "propose", "pursue", "seek to", "shall", "should", "target", "will", "will continue", "will pursue", "would" or other words or phrases of similar import. Similarly, statements that describe our Company's objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements may include planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts) and other matters discussed in this Information Memorandum that are not historical facts.

These forward-looking statements contained in this Information Memorandum (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. This may be due to risks or uncertainties or assumptions associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes, changes in competition in the industry and incidence of any natural calamities and/or acts of violence. Important factors that could cause our actual results, performances and achievements to differ materially from any of the forward-looking statements include, among others:

- Any deterioration in the quality or reputation of our brands on account of inconsistency in service standards, negative publicity or misinformation on social/ other media could have an adverse impact on our business, financial performance and growth prospects.

- The hotel industry and retail food and beverage industry are intensely competitive and there can be no assurance that the new or existing competitors will not significantly expand or improve facilities in the markets in which we operate.

- A significant portion of our revenue is realized from a few of our hotels located in key geographical regions and any adverse developments affecting such hotels or regions in which they operate could have an adverse effect on our business, results of operation and financial condition.

- Delay in timelines/cost overruns of hotel development projects could have an adverse impact on the business, financial performance and growth prospects of our Company.

- Our business operations in Colombo, Sri Lanka may be adversely impacted by external factors, including macroeconomic and geopolitical developments, natural disasters, etc. which are beyond our control.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the section "*Risk Factors*" on page 21.

Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Forward-looking statements reflect the current views of our Company as on the date of this Information Memorandum and are not a guarantee of future performance. These statements are based on the management's belief and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Promoters, our Directors, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI/Stock Exchange requirements, our Company will ensure that investors are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

SECTION II – INFORMATION MEMORANDUM SUMMARY

This section is a summary of specific disclosures included in this Information Memorandum and is not exhaustive nor does it purport to contain a summary of all disclosures or details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Information Memorandum, including the sections titled "Risk Factors", "Industry Overview", "Outstanding Litigation and other Material Developments", "Our Promoter and Promoter Group", "Financial Information", "Our Business" and "Main Provisions of the Articles of Association". For additional information and further details with respect to any of the information summarised below, please refer to the relevant sections of this Information Memorandum. Unless otherwise stated, the financial information in this section is derived from the "Financial Information".

Summary of primary business of our Company

Our Hotels Business represents one of India's pre-eminent hospitality chains, embodying the essence of Indian hospitality and sustainability. We are engaged in the business of, *inter alia*, owning, licensing, operating and managing hotels and resorts, directly and through our Subsidiaries, Associates and our Joint Venture. Our current footprint encompasses over 140 hotels across over 90 destinations comprising about 13,000 keys. ITC Hotels is also renowned for its culinary excellence, with several award-winning brands and iconic food and beverage cuisines. ITC Hotels is a global exemplar in sustainable hospitality, embodying the ethos of '***Responsible Luxury***' by seamlessly integrating opulence with environmental and social responsibility.

For further details, please see "*Our Business*" on page 149 of this Information Memorandum.

Summary of industry in which our Company operates

The drive to expand India's GDP from $3.57 trillion GDP to $6 trillion GDP by 2030, will strongly push and support travel and the hotel sector. Per WTTC, the travel and tourism sector's contribution to India's economy is estimated at ₹21.1 trillion for CY 2024 and projected to increase to ₹43.25 trillion by 2034, growing at 7.4% CAGR. This growth is higher than CAGR of 3.7% over the same period for the global travel and tourism sector's contribution to the global economy. The hospitality sector is underpenetrated compared to several developed global markets in terms of ratio of rooms to population.

For further details, please see "*Industry Overview*" on page 70 of this Information Memorandum.

Our Promoter

The Promoter of our Company is ITC Limited.

Shareholding of our Promoter and members of our Promoter Group

As on the date of this Information Memorandum, the shareholding of the Promoter in our Company is as follows:

S. No.	Name	No. of Equity Shares held	Percentage of the post-Scheme Equity Share Capital
1.	ITC Limited	83,00,00,000*	39.88
Total		**83,00,00,000**	39.88

**Including 6 Equity Shares held jointly with 6 individuals holding 1 Equity Share each (ITC Limited being the first shareholder).*

As on the date of this Information Memorandum, none of the members of the Promoter Group of the Company hold any Equity Share in the Company.

Financial information

The following information has been derived from the Audited Financial Statements of our Company:

(in ₹ Crores, except per Equity Share data)

Particulars	For the six months period ended September 30, 2024	For the period from July 28, 2023 to March 31, 2024
Share capital	83.00	83.00
Net worth[1]	85.43	84.11
Revenue	0.00	0.00
Profit after Tax	1.33	1.11
Earnings per Equity Share (basic)[2]	0.02	0.01
Earnings per Equity Share (diluted)[2]	0.02	0.01
Net asset value per Equity Share[3]	1.03	1.01
Total borrowings	0.00	0.00

Notes:

1. *Net worth has been computed in terms of regulation 2(1)(s) of SEBI Listing Regulations read with section 2(57) 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. *Basic and diluted earnings per Equity Share are calculated in accordance with Indian Accounting Standard 33 – Earnings per share, as prescribed under the Companies (Indian Accounting Standards) Rules, 2015.*
3. *Net asset value per Equity Share is calculated as Net Worth divided by the weighted average number of Equity Shares outstanding during the year.*

For further details, please see "*Financial Information*" on page 213.

Auditor qualifications or adverse remarks

There have been no qualifications or adverse remarks by our Statutory Auditors in the Audited Financial Statements.

Summary of outstanding litigation

A summary of outstanding litigation proceedings involving our Company, our Subsidiaries, our Directors and our Promoter as disclosed in the section titled "*Outstanding Litigation and Material Developments*" have been set out below:

Category of individuals / entities	Criminal proceedings	Tax proceedings	Statutory or regulatory proceedings	Disciplinary actions by SEBI or Stock Exchanges against our Promoter in the last five years, including outstanding action	Material civil litigation	Aggregate amount involved (₹ in crores)*
Company						
By the Company	4	2	Nil	N.A.	3	124.79
Against the Company	3	62	3	N.A.	2	98.03
Directors						
By the Directors	Nil	Nil	Nil	N.A.	Nil	Nil
Against the Directors	3^	Nil	Nil	N.A.	Nil	Nil
Promoter						
By our Promoter	97**	24	Nil	N.A.	Nil	1392.83
Against our Promoter	16***	271	262^^	Nil	Nil	669.24
Subsidiaries						
By our Subsidiaries	Nil	Nil	Nil	N.A.	1	N.A.

Category of individuals / entities	Criminal proceedings	Tax proceedings	Statutory or regulatory proceedings	Disciplinary actions by SEBI or Stock Exchanges against our Promoter in the last five years, including outstanding action	Material civil litigation	Aggregate amount involved (₹ in crores)*
Against our Subsidiaries	Nil	4	1	N.A.	7	247.44

**To the extent quantifiable*

***This includes 80 cases filed against various parties under Section 138 of the Negotiable Instruments Act, 1881. The aggregate amount involved in such proceedings is approximately ₹ 21.7 crores.*

****This includes 11 prosecutions in connection with regulatory matters for alleged violations of LM Act, FSS Act and Standards of Weights and Measures Act, 1977.*

^ This includes criminal proceedings related to alleged violations of the LM Act for errors in labelling declarations on items displayed for sale in Choupal Saagars.

^^ This includes 197 proceedings under the FSS Act and the PFA Act, and 59 proceedings under the LM Act.

For further details of the outstanding litigation proceedings, please see "*Outstanding Litigation and Material Developments*" on page 278.

Risk factors

For details of the risks associated with our Company, see the section "*Risk Factors*" on page 21.

Contingent liabilities

The details of the contingent liabilities (as per Ind AS 37 and Schedule III to the Companies Act, 2013) of our Company set forth below:

(in ₹ crores)

Contingent liabilities*	As at September 30, 2024	As at March 31, 2024
Direct Taxes	Nil	Nil
Indirect Taxes	Nil	Nil
Guarantees	Nil	Nil
Claims made by the parties not acknowledged as debts	Nil	Nil
Estimated amount of contracts remaining to be executed on capital account	Nil	Nil
Others	Nil	Nil
Total	Nil	Nil

**These details relate to the Company basis its financial statements as at March 31, 2024 and September 30, 2024, that is, prior to the Demerged Undertaking being vested in the Company. The Demerged Undertaking would have additional contingent liabilities.*

For further details on our contingent liabilities, please see "*Financial Information – Note 21(iii): Contingent Liabilities*" and "*Financial Information – Note 23(iii): Contingent Liabilities*" on pages 240 and 261 of the financial statements as at March 31, 2024 and September 30, 2024, respectively.

Summary of related party transactions

The following are the details of the related party transactions for Fiscal 2024 and for the six months period ended September 30, 2024, as per Ind AS 24 – Related Party Disclosures, derived from the Audited Financial Statements:

(in ₹ crores)

Related Party	Particulars	For the six months period ended September 30, 2024	For the period from July 28, 2023 to March 31, 2024
Holding Company	Issue of equity share	-	83.00
	Remuneration of managers on deputation reimbursed	0.83	0.63
	Reimbursement of expenses incurred on behalf of the Company (rates and taxes)	-	2.23
Key Management Personnel	Director's sitting fees	0.01	-

For details of the related party transactions and as reported in the Audited Financial Statements, please see "*Financial Information – Related Party Transactions*" on pages 238 and 259.

Financing Arrangements

There have been no financing arrangements whereby our Promoter, members of the Promoter Group, Directors of our Promoter or our Directors and their relatives have financed the purchase by any other person of Equity Shares of the Company during a period of six months immediately preceding the date of this Information Memorandum.

Weighted average price at which the Equity Shares were acquired by the Promoter in the one year preceding the date of this Information Memorandum

Our Promoter has not acquired any Equity Share in the one year preceding the date of this Information Memorandum. Accordingly, the weighted average price at which Equity Shares were acquired by our Promoter in the one year preceding the date of this Information Memorandum is not applicable.

Price at which Equity Shares were acquired by the Promoters, members of Promoter Group and other shareholders with right to nominate directors or any other rights in the last three years

Our Promoter has only subscribed to the Equity Shares at face value of ₹ 1/- each as subscriber to the Memorandum of Association.

There are no Equity Shares acquired by the Promoter, members of Promoter Group and other shareholders with right to nominate directors or any other rights in the last three years.

Average cost of acquisition

Our Promoter has subscribed to the Equity Shares of the Company at face value of ₹ 1/- each as subscriber to the Memorandum of Association.

Issue of Equity Shares for consideration other than cash in the one year preceding the date of this Information Memorandum

Other than the Equity Shares allotted pursuant to the Scheme of Arrangement, as disclosed in the section *"Capital Structure"* on page 49, the Company has not issued any Equity Shares for consideration other than cash in the one year preceding the date of this Information Memorandum.

Split or consolidation in the one year preceding the date of this Information Memorandum

The Company has not undertaken any split or consolidation of its Equity Shares in the last one year preceding the date of this Information Memorandum.

Exemption under securities laws

The Company was granted an exemption from the application of Rule 19(2)(b) of the SCRR by SEBI vide letter no SEBI/HO/CFD/CFD-RAC-DCR1/P/OW/2025/2078/1 dated January 20,2025.

Further, the Company was granted an exemption by SEBI under Regulation 300(1)(a) of SEBI ICDR Regulations from classifying Tobacco Manufacturers (India) Limited, a public shareholder of ITC Limited, as a Promoter Group of our Company as prescribed under Regulation 2(1)(pp)(iii)(B) of the SEBI ICDR Regulations vide letter No. SEBI/HO/CFD/RAC-DIL-1/OW/7101/1/2024 dated February 22, 2024.

SECTION III – RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information in this Information Memorandum, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a more detailed understanding of our business and operations, prospective investors should read this section in conjunction with "Our Business", "Financial Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Key Regulations and Policies" and "Outstanding Litigation and Material Developments" on pages 149, 213, 265, 166 and 278.

The Company has been incorporated to carry on the hotels and hospitality business upon the Scheme becoming effective. The Scheme provides for demerger of Hotels Business of ITC Limited into the Company on a going concern basis and in consideration, the consequent issuance of equity shares by the Company to the shareholders of ITC Limited as per the share entitlement ratio. Since the said demerger has been made effective from January 1, 2025, we have described the risks and uncertainties related to the Hotels Business that we believe are material, but these risks and uncertainties may not be the only risks relevant to us, the Equity Shares, or the industry in which we currently operate. In addition, the risks provided in this section may not be exhaustive and additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our businesses, financial condition, results of operations and prospects. If any of the following risks (or a combination of them), or other risks that are not currently known or are now deemed immaterial, actually occur, our businesses, financial condition, results of operations, and prospects could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the listing including the merits and risks involved. You should consult your tax, financial and legal advisors about particular consequences of investing in the Equity Shares of our Company.

Prospective investors should pay particular attention to the fact that we are incorporated under the laws of India and are subject to a legal and regulatory environment, which may differ in certain respects from that of other countries. This Information Memorandum also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Information Memorandum. For details, see "Forward Looking Statements" on page 14.

Unless otherwise indicated, industry and market data used in this section has been derived from the Industry Reports. Also see, "Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation – Industry and Market Data" on page 11.

Unless specified in the relevant risk factor below, we are not in a position to quantify the financial implication of any of the risks mentioned below. The financial information in this section is derived from our Audited Financial Statements unless otherwise stated.

Internal Risk Factors

1. ***Any deterioration in the quality or reputation of our brands on account of inconsistency in service standards, negative publicity or misinformation on social/ other media could have an adverse impact on our business, financial performance and growth prospects.***

   We own, operate, manage, franchise and develop hotels and resorts under "ITC", "The Luxury Collection", "Sheraton", "Mementos", "Welcomhotel", "Storii", "WelcomHeritage" and "Fortune" brands, along with its variant suffixes, i.e., Select, Park, Resort, Inn. Our restaurants operate under several brands, including "Bukhara", "Peshawri", "Avartana", "Royal Vega", "Ottimo", "Yi Jing" and "Cajsa", each representing our signature Indian and international cuisines. The "ITC", "Bukhara", "Dum Pukht" and "Dakshin" brands have been licensed to our Company by ITC Limited, our Promoter. The "Luxury Collection" and "Sheraton" brands have been licensed to our Company by Marriott. Our ability to attract guests largely depends on the public recognition and perception of our brands and its associated reputation. In addition, the success of our hotel owners' businesses may indirectly depend on the strength and reputation of our brands. Such dependence makes our business susceptible to risks regarding brand obsolescence and reputational damage. The performance and quality of services at our hotels are critical to the brand reputation and success of our business. If our brand is found to be lacking in consistency or quality, then our ability to attract guests, or attract or retain our third-party hotel owners may be impacted.

Negative publicity of any kind (including untrue or unfair comments), negative customer experiences, adverse reports of unsatisfactory quality and inconsistency of service standards, including due to reasons beyond our control, or allegations of defects, even when false, or accidents, natural disasters, crimes or other similar events may harm the reputation of our brands and cause an adverse impact on our business operations. We could also face legal claims, along with adverse publicity thereof. In recent years, there has been extensive growth in social media usage. This has significantly increased the potential scope of negative publicity arising from the above.

Due to the broad expanse of our business and hotel locations, events occurring in one location could have a resulting negative impact on the reputation and operations of otherwise successful individual locations. Further, some of our brands may be adversely affected by negative publicity resulting from managed and franchised hotels due to reasons beyond our control. The reputation of some of our brands may also be affected by third parties using our trademarks for their business and operations, including hotels under management and franchise agreements.

While we implement strong risk mitigation strategies, including stringent quality checks for our services at each of our hotels, comprehensive social media policy, among others, and have not experienced any instances of significant negative publicity resulting in brand or reputational damage in the past, if the perceived quality of our brand declines, or if our reputation is damaged, our business operations, financial performance and growth prospects could be adversely affected. We may also incur significant costs towards business promotions in the future, in order to source more customers and offer improved services.

2. ***The hotel industry and retail food and beverage industry are intensely competitive and there can be no assurance that the new or existing competitors will not significantly expand or improve facilities in the markets in which we operate.***

The travel and tourism sector's contribution to India's economy is estimated at ₹ 21.1 trillion for CY 2024 and is projected to increase to ₹ 43.25 trillion by 2034, growing at 7.4% CAGR which is well above the global average. As at September 30, 2024, India has about 1,95,000 chain affiliated hotel rooms across segments. The sector also has a robust supply pipeline, which is estimated at about 95,000 rooms till FY29. Supply share of international chains in India is expected to increase from 21% in FY01 to 46% in FY29 *(Source: Industry Reports).*

Hotels in India currently face intense competition from existing and new hotels globally and in India, as well as from hotel chains, upcoming homestay aggregators, hostel accommodations, boutique hotels and budget hotels, which have been witnessing an increasing demand from travellers. Some of the hotels owned and/or operated by us are generally located in intensely competitive regions. Our success is largely dependent upon our ability to compete in areas such as brand recognition and perception, room rates, location of the property, quality of accommodation, service levels, quality and scope of other amenities, including food and beverage facilities, and attractiveness of our loyalty program. Our existing and future competitors may offer rooms at competitive prices, provide quality amenities and services, have better name or brand recognition, and may be located in key geographical regions, having higher footfall of travellers. Further, some of our competitors may develop alliances to compete against us, have greater financial and other resources, adopt more sophisticated distribution and sales channels, or incur higher expenditures on offline and online advertising and marketing placements, which may attract new customers or our existing customers.

To cater to changing customer preferences and habits, we continue to refresh our cuisines and invent new concepts. We cannot assure that we will be able to keep up with other food brands offering a variety of cuisines at competitive prices.

Therefore, we cannot guarantee that our competitors will not offer better services or amenities or expand or improve their existing facilities and command a larger portion of the market revenue. Similarly, we cannot also assure you that our business strategies will be successful against such competitors, and that our business operations and financial performance will remain unaffected.

3. ***A significant portion of our revenue is realized from a few of our hotels located in key geographical regions and any adverse developments affecting such hotels or regions in which they operate could have an adverse effect on our business, results of operation and financial condition.***

A large portion of our revenue is derived from our hotels located in key geographical regions, including in New Delhi, Mumbai, Chennai, Kolkata, Hyderabad and Bengaluru. Any social, political or economic factors, natural calamities, increased competition or civil disruptions including protests in these areas may adversely affect our business, results of operation and financial condition. Further, changes in laws and policies of local and municipal government authorities in these regions, including an increase in property tax, may require us to potentially change our business strategy and operations.

Other than from the global outbreak of the Covid-19 pandemic which adversely affected the performance of our hotels along with the hospitality sector in general, we have not experienced any significant disruptions, specifically impacting these regions in the past. However, the happening of such occurrences in the future may adversely affect our business operations and financial performance. Consequently, we are uncertain whether our reliance on the hotels located in the abovementioned key regions, for a significant portion of our revenue, will reduce or change in the future.

4. ***Delay in timelines/cost overruns of hotel development projects could have an adverse impact on the business, financial performance and growth prospects of our Company***

Our 'asset right' growth strategy envisages development of new owned hotels and management/ franchise of third party owned hotels. We have established strong credentials over the decades by commissioning several iconic properties through greenfield developments.

There may be delays and cost overruns in project execution on account of operational factors, including, *inter alia*, delay in obtaining approvals, changes required due to shortcomings in design development, construction defects, high dependency on contractors and labour coupled with non-availability during specific seasons or strikes, inadequate project management, unanticipated future regulatory restrictions. Delays or cost overruns could also be on account of external factors including force majeure events, economic downturns, natural calamities, terror attacks, etc., which are beyond our control and may adversely affect our business operations and financial performance. In the last three financial years, some of our projects have witnessed time and cost over-runs and we cannot assure you that such delays will not happen in project execution in the future.

We have well laid down systems and processes for execution of greenfield projects including, *inter alia*, appointment of key consultants at initial stages, due diligence of contractors, firm and non-escalatable price arrangements. However, in the event that there are delays or cost overruns in on-going and/or future projects, there may be an adverse impact on our business and financial performance.

5. ***Our business operations in Colombo, Sri Lanka may be adversely impacted by external factors, including macroeconomic and geopolitical developments, natural disasters, etc. which are beyond our control.***

The Hotels Business launched its first international property - ITC Ratnadipa, Colombo in April 2024. It is a one-of-a-kind mixed-use project which comprises of 352 guest rooms and suites as well as 132 luxury apartments ('Sapphire Residences'). The project's construction was impacted by several external factors, including terrorist attacks in 2019, the Covid-19 pandemic between 2020 to 2022, subdued macroeconomic conditions since 2022, decline in tourism and recent uncertainty in the political environment. As on date, the project outlay is substantially complete, as the hotel is being operationalised in a phased manner, wherein approximately 250 rooms are operational presently and approximately 100 rooms are planned to be operationalised over the next few months. Further, the sale of 'Sapphire Residences', constituting about 7.3 lakh sq. ft. of saleable space, is underway and the sales velocity is expected to improve with the completion of the project, coupled with the anticipated stability in the political and macro-economic environment in Sri Lanka.

Sri Lanka's real GDP growth for Q1 CY24, Q2 CY24 and Q3 CY24 was 5.3%, 4.7% and 5.5%, respectively. World Bank estimates Real GDP growth for CY2024 and CY2025 at 4.4% and 3.5%, respectively, reflecting more stability from the previous uncertainties, and the potential for improved economic performance in coming years. Foreign tourist arrivals in CY2023 were 1.5 million, double the arrivals in CY2022. The average length of stay was 8.4 days. Foreign tourist arrival for YTD November 2024 was 1.81 million, increasing by 41% from 1.28 million for YTD November 2023. Continued implementation of structural reforms will, however, be key to raising the medium to long-term growth potential. Potential challenges are substantial due to the fiscal and external vulnerabilities, along with significant risks stemming from prolonged or insufficient debt restructuring, policy instability, and the medium-term impacts of the economic crisis in Sri Lanka *(Source: Industry Reports).*

As a result, we cannot assure that our business operations in Sri Lanka will not be adversely impacted by macroeconomic and geopolitical factors, including natural disasters and other force majeure events experienced in the past, which are beyond our control.

6. ***Renovation work, repair and maintenance or physical damage of our hotels may disrupt our operations and revenue.***

To maintain our properties as per relevant brand standards, we incur periodic costs relating to renovation, repair and maintenance. We may also incur unscheduled maintenance costs in order to comply with applicable regulations or to increase the attractiveness of our properties for our customers. The regular renovation and maintenance work at our hotels may be subject to various risks including increased costs and delays in construction, including unanticipated risks beyond our control such as adverse weath er conditions, labour unavailability, shortages of material and construction cost overruns. We typically do not suspend operations or reduce guest intake in cases of maintenance, renovation, refurbishment or development. However, we may be required to suspend operations of hotels for an extended period of time in case of a significant refurbishment or development in the future, if deemed necessary for our guests' safety and comfort, thereby causing loss of revenue from such properties.

For instance, in the recent past, we suspended operations at Welcomhotel Chennai, located on Cathedral Road, for a period of 9 months during the last Financial Year to complete a comprehensive makeover of the hotel. We cannot guarantee that we will not undertake such refurbishment or developments, or that the cost of such repairs will not increase due to unforeseen circumstances in the future. While we have not experienced any material instances of the abovementioned risks in the past, we could face unanticipated delays in the development or renovation of our properties and/ or increase in our budgeted expenditure for such activities, should any of these risks materialize.

7. ***Certain of our hospitality assets are licensed to us or located on leased land. Some of these assets contribute significantly to our total revenue and profits. If in future, we are unable to comply with the terms of the lease or license agreements, renew such agreements or enter into new lease or license agreements on favourable terms, or are not able to enter into such agreements, our business and financial performance may be adversely affected.***

As on date, some of our hospitality assets are licensed to us or located on leased or licensed land from third parties including governments and land development authorities. While we typically have long-term license or lease arrangements, there can be no assurance that our license or leasehold arrangements will be renewed upon expiry of the license or lease period, or that such agreements will not be terminated prior to the completion of the relevant term. Also, the lease agreements entered into by us with our lessors require us to comply with several conditions, such as obtaining approvals and consents for development of projects, payment of license fees and rent, etc. We cannot assure that we will be able to fully comply with all the terms of the lease deeds or license agreements that we have entered into in rela tion to these properties, renew such agreements, or enter into new agreements in the future.

If in the future, we are not able to comply with the conditions attached to license or lease arrangements renew such agreements, enter into new lease agreements on favourable terms, or not able to enter into such lease agreements, our business, results of operations, financial condition and cash flows may be adversely affected. In cases where the lessor is the Government or a government agency, in case of any arbitrary or exorbitant increase in rent by the lessor, the business prospects of the hotels situated on such leased properties may be affected.

Further, any regulatory non-compliance by the third-party hotel owners or adverse development relating to the landlords' title or ownership rights to hotel properties may entail significant disruptions to our operations, especially if we are forced to vacate leased space or terminate the hotel management or franchise agreements following any such developments.

While there have been no instances in the past wherein our lease deeds or license agreements for properties operated by us have been terminated due to non-compliance with the terms of the lease deeds or license agreements or adverse development relating to the landlords' title or ownership rights, there can be no assurance that this will not occur in the future.

It may be noted that the lessor of the land on which ITC Maurya hotel is situated has proposed a retrospective increase in ground rent, and the same has been challenged before the Hon'ble Delhi High Court by way of a writ petition. The matter is currently pending. If the retrospective increase in rent is upheld, the financial position and results of operations of the Company may be adversely affected. Further, the lease in respect of ITC Windsor, Bengaluru is a subject matter of litigation. An unfavourable result in the litigation may impact the operations of ITC Windsor, Bengaluru. For further details of the said matters, please refer to "*Outstanding Litigation and other Material Developments*" on page 278.

8. ***We have licensing arrangements with the Promoter to use the "ITC" brand and other brands such as "Bukhara", "Dakshin" and "Dum Pukht". Any improper use of such trademarks by the Promoter or any other third parties, or termination of such licensing arrangements, could materially and adversely affect our business, financial condition and results of operations. Further, if any trademarks or intellectual property of our Company are infringed by third parties or improperly used, it may be detrimental to us.***

Rights to trade names and trademarks are a crucial factor in the marketing of our business. Our Company has been granted a non-exclusive license to use the "ITC" brand pursuant to the license agreement entered into on December 31, 2024 (the "**License Agreement I**"), and license to use the "Bukhara", "Dakshin" and "Dum Pukht" brands pursuant to the license agreement entered into on December 31, 2024 (the "**License Agreement II**" and together with License Agreement I, the "**License Agreements**"), each between the Promoter and our Company. Under these License Agreements, our Company is required to pay a royalty which is commercially negotiated and at an arm's length basis.

The License Agreements above mentioned may be terminated by written notice by the Promoter in case our Company, *inter alia,* is in material breach of the terms of the License Agreements, or in case of material breach of the usage guidelines applicable to the trademarks.

We are dedicated to earning and maintaining the trust and confidence of our customers, and we believe that the good reputation created thereby, and inherent in the "ITC" brand name, is critical to the business of our Company. As such, any damage to our reputation, or that of the "ITC" brand name, could substantially impair our ability to maintain or grow the business of our Company and may result in loss of business from our existing or potential customers. Further, any action on the part of the Promoter that negatively impacts the "ITC" brand could have a material adverse effect on the business, financial condition and results of operations of our Company.

If our trademarks or other intellectual property are infringed or improperly used, the value and reputation of our brands could be harmed. There are times when we may need to resort to litigation to enforce our intellectual property rights. Litigation of this nature could be costly, force us to divert our resources, lead to counterclaims or other claims against us or otherwise harm our business or reputation. In addition, we license certain of our trademarks to third parties. Failure to maintain, control and protect our trademarks and other intellectual property could adversely affect our ability to attract guests or third-party owners, and could adversely affect our business, financial condition and results of operations.

9. ***We rely on management/ franchise contracts as one of the ways to achieve growth and expansion. Any non-renewal, termination or non-compliance of the terms of such management/ franchise contracts may adversely affect our business operations.***

In accordance with our 'asset right' strategy, we focus on efficiently utilising our existing hotel properties and other assets in our ownership to our benefit, while expanding our footprint through management and franchise contracts with property owners in order to manage or franchise hotels under our brands. Thus, our business and growth strategy could get impacted by the terms and conditions contained in these management and franchise contracts, and the relationships developed with such third-party property owners.

While the management and franchise contracts we enter into with the third-party owners are typically long-term arrangements, with initial terms generally ranging from 10 to 30 years, with further extensions of approximately 10 years, any changes to the terms of the contracts, non-compliance with terms by any of the parties, or early termination or non-renewal of such contracts can have an adverse effect on our business operations, brand reputation and growth prospects.

The third-party hotel owners may fail to follow or maintain properties as per our brand standards or may violate our intellectual property rights or may terminate these arrangements in case of failure to meet their financial or performance targets.

Additionally, our fees from hotel management agreements may depend on meeting specific financial and performance criteria. Our ability to meet their expectations is subject to risks common to the hotels sector, many of which may be beyond our control.

The property owners we contract with may, in certain cases, create charges or collateral on the hotel property under management and franchise to purchase or refinance the purchase of the hotel property, or to finance their business operations. If these property owners fail to comply with the terms of their borrowings or fail to repay or refinance maturing indebtedness on favorable terms due to overleveraging, corporate guarantees, their lenders could declare a default, accelerate the related debt, and repossess the property. Any such repossessions could result in the termination of our management and franchise contracts and negatively impact revenues and cash flows from such properties.

While we ensure adequate safeguards, such as performing background checks and ensuring maintenance and franchise of brand standards, and have not faced any such material instances under the management and franchise contracts resulting in early termination or non-renewal in the past, we cannot guarantee that future terminations or non-renewals of our hotel management or franchise agreements by third-party hotel owners will not negatively affect our business operations and growth prospects.

10. ***Land title in India can be uncertain and we may not be able to identify or correct defects or irregularities in title to the land which we own or intend to acquire in connection with the development or acquisition of new hotels.***

Land ownership in India can be difficult to ascertain as every state in India has its own practice for maintenance of land records. In recent years, the Government of India has launched a national digitization program known as the Digital India Land Records Modernization Program ("**DILRMP**") to streamline maintenance of land records in India. However, as the DILRMP has not been implemented across all states in India, land ownership in India is difficult to ascertain as there is a lack of uniformity in maintenance of land records across states. Until the DILRMP is fully implemented across all states in India, there could be inaccuracies, errors or contradictions between the records maintained by different authorities, or the approvals obtained in relation to the properties located on these lands, which could affect the reliability of such records. Accordingly, we cannot assure a complete absence of errors, inconsistencies or contradictions in the land records of the properties we own or manage or franchise or transferred to third parties. Further, physical land records may be illegible, incomplete or inaccurate in certain respects, or may have been kept in poor condition, which may impede title investigations or our ability to rely on such land records. Inconsistencies may arise in the process of translation of land records which are originally available in vernacular languages. Further, our properties may have multiple owners and the original title to lands may often be fragmented.

While we have not experienced any material instances of title disputes or irregularities of title in the past and we endeavour to ensure that the land title for the properties we own or manage or franchise or transferred is clear and accurate through our robust internal verification processes, we may still be subject to irregularities or defects which we may not be able to identify or correct. This may give rise to conflicts in the future or compel us to incur significant expenditure, divert management's attention or harm our brand reputation, thereby affecting our business operations and financial performance. Such irregularities may also be a hurdle for us when we look to expand and acquire new properties.

11. ***In case we seek to buy/lease or manage/franchise more hotel properties in jurisdictions outside India, we may face legal, regulatory, economic, real estate or property-based uncertainties, or demographic risks in such countries.***

Having forayed recently into the international markets with the opening of an owned hotel, ITC Ratnadipa, in Sri Lanka and a managed hotel, Fortune Bhaktapur, in Nepal, in 2024, we may seek opportunities to own/lease or manage/ franchise more properties in other countries, subject to our future expansion plans. Accordingly, our operations in such jurisdictions may be dependent on the regulatory and legal framework in such countries outside India. Further, our success in such jurisdictions may be subject to uncertainties relating to the property market, economic climate, civil and political factors, and the demographic risks in such areas, which may be beyond our control. Consequently, we may incur unanticipated delays or significant costs in setting up such hotel properties, and we cannot guarantee that our expansion plans will be successful and profitable for our Company. We could also risk having an adverse impact on our existing investments, including on account of having to impair and write down investments made, or we may have to make further unforeseen investments, which may have an adverse effect on the business operations and financial performance of our Company.

12. ***Our business is subject to macroeconomic conditions, seasonal and cyclical volatility and variations which could result in fluctuations in our results of operations and financial condition.***

Depending on macroeconomic conditions and other factors such as the weather, festive or religious holidays, among others, the revenue of our hotels may fluctuate during certain periods of the year, or for a few years, as compared to other time periods.

The hospitality sector experiences periodic changes in demand and supply, which we may not be able to predict accurately. We may be vulnerable to economic downturns in India, which may reduce our flexibility to respond to changing business and economic conditions and adversely impact the cash flows from our business operations. The hospitality industry is also subject to weekly variations, with demand from business travellers being the most on the weekdays and demand from local tourists being the most on weekends. Further, the demand generally remains high during second half of the Financial Year. These fluctuations may vary from property to property, depending on the location of each property and the guests they cater to. The timing of opening of new hotels and the timing of any hotel acquisitions or disposals may also cause a variation of revenue and earnings from quarter to quarter.

Such factors may cause fluctuations in room demand, occupancy rates, and room rates and may affect our business operations and financial condition, given that the costs of running our hotels, including for power and fuel, employee benefits, repairs and maintenance, etc., would remain relatively fixed across different time periods. Further, our portfolio may be subject to increases in property charges, tax or regulatory charges, utility costs, insurance costs, repairs and maintenance costs and administrative expenses.

We may be unable to reduce fixed and recurring costs in a timely manner, or at all, in response to a reduction in the demand for our services at any of our hotels. Consequently, the financial performance may fluctuate significantly from period to period, and comparisons of different periods or the same periods during different years may not be meaningful. Our results for a given financial year or quarter may not be necessarily indicative of results to be expected for any other period.

13. ***We have incurred losses and negative cashflows during Covid-19 pandemic and may experience the same in the future which could result in an adverse effect on our business, cash flows and financial condition.***

The Hotels Business incurred losses and negative cashflows during the Covid-19 pandemic. For further details, see "*Our Business*" beginning on page 149. Any failure to increase our revenues in the future, including on account of certain force majeure events, to keep pace with our expenses and investments could prevent us from achieving profitability or positive cash flows on a consistent basis. This in turn could adversely affect our financial performance, ability to fund our operations and growth prospects.

14. ***We are subject to extensive government regulation with respect to safety, health, environmental, real estate, food, excise, property tax and labour laws. Any non-compliance with, or changes in, regulations applicable to us may adversely affect our business, results of operations and financial condition.***

Our Company is subject to extensive government regulation with respect to, among others, safety, health, environmental, real estate, food, excise, property tax and labour laws. We are also subject to supervision and regulation with regard to the scope of permitted business activities and the licenses and permits required for our business operations. The requisite licenses and permits differ on the basis of the location as well as the nature of operations carried out at such locations. We are responsible for obtaining, maintaining and renewing all government and regulatory approvals and licenses required in relation to the operations and services provided at each of the hotels which are directly owned and operated by us. For details of the key regulations applicable to us and the key approvals and licenses we are required to maintain, see "*Key Regulations and Policies*" and "*Government and Other Approvals*" on pages 166 and 287, respectively."

Further, regulations and policies in India may also impact the demand for, expenses related to and availability of our hotel services, and food and beverage operations. We are also subject to regulations, which are periodically amended, including relating to the sale, storage and service of food, alcoholic and non-alcoholic beverages and hosting of events at our hotels. As a result of non-compliance with, or changes in the applicable laws, such as changes in excise policy, property tax and building regulations, we may incur increased costs, be subject to penalties, have our approvals and permits revoked, be subject to enforced shutdowns, suffer a disruption in our operations or have other sanctions imposed on us by the regulatory authorities. In the past, we have not faced any material instances of non-compliance with government regulations with respect to safety, health, environmental, real estate, food, excise, tax and labour laws that have had a material effect on our business, reputation, results of operations and financial condition. However, we cannot assure you that we will not face any material instances of such non-compliance in the future, which may adversely affect our business, results of operations and financial condition.

15. ***If we are unable to obtain the requisite approvals, licenses, registrations and permits to develop and operate our hotels and other related services, or are unable to renew them on time, our operations may be adversely affected.***

The nature of our business requires us to obtain and maintain a number of regulatory licenses, approvals, registrations and permits in order to carry out our business, construct or develop our hotel properties, to operate them, and to offer various products and services to our customers. These include permissions for preparation and sale of eatables, providing food and beverage services, license to sell and serve liquor to customers, obtaining environmental clearances, obtaining no objection certificates for fire safety, and acquiring various other permissions from municipal authorities in relation to our hotels.

While we have obtained the requisite approvals and permissions for our existing properties and have strong review and verification processes, we cannot guarantee that we will continue to obtain all requisite approvals in the future, or that we will be able to renew all the existing approvals in a timely manner, for reasons beyond our control. We also cannot guarantee that the licenses or approvals will not be suspended or revoked in the future due to any non-compliance of the conditions subject to which they have been granted. Any failure to obtain requisite approvals for our business may adversely affect our business operations and financial performance.

Further, under hotel management/franchise agreements for our managed and franchise portfolio, the third-party hotel owners are typically responsible for obtaining and renewing all relevant permits, licenses and clearances necessary for hotel operations. Any inability of the third-party hotel owners to obtain and renew all such permits, licenses and clearances may affect our ability to continue to manage or franchise such hotels. While there have been no instances of significant delay in receipt of material permits, approvals, and licenses in the past, we cannot assure you that there will be no delays or other issues in obtaining such approvals in the future, and that the hotel owners will continue to extend cooperation and assistance in a timely manner, or at all, thereby adversely affecting our business operations, results of operation and financial performance.

16. ***We are required to comply with data privacy regulations and any non-compliance in the future may have an adverse impact on our business, results of operations, cash flows and financial condition.***

Our business requires us to collect and retain substantial amount of sensitive data, including personal data of our customers, vendors and employees, credit or debit card related data, any data related to any other electronic mode of payment or any personally identifiable information. Safeguarding such data is critical to our business. The business is subject to existing and emerging data privacy regulations, including the Information Technology Act, 2000. Compliance with Indian and international data privacy related laws and policies may change the way in which we will be required to store, collect, monitor and use the personal data of our customers, vendors and employees. Any potential non-compliance of these laws may result in fines or other penalties. Further, we may face data breaches or related risks in the future, which may adversely affect our financial condition and market reputation and may require us to incur significant costs to undertake more robust data protection measures. Though personal data of customers provided to third party hotel owners under our management and franchise contracts is required to be treated as confidential information, we rely on such third-party hotel owners' systems and data security measures to ensure data privacy.

We have advanced and sophisticated IT infrastructure and systems to ensure information security and integrity and we have not experienced any significant instances of data breaches in the past. Nevertheless, our systems are potentially vulnerable to data security breaches, whether by employees or others who may expose our data to unauthorized persons. We cannot assure that future security breaches will not harm our reputation and lead to legal actions, potentially impacting our business operations and financial performance.

17. ***System failures, security breaches or increasing intensity of sophisticated cyber-attacks may result in non-availability of information technology systems and information assets, loss of data integrity and compromise or theft of sensitive or personal information of customers, which may lead to significant disruption of operations, erosion of stakeholder confidence and reputational damage.***

Our information technology systems are potentially vulnerable to, among others, system inadequacies, network and hardware failures, operating failures, non-identification of sensitive and critical information assets, security breaches, malicious intrusions or cyber-attacks, improper operation by or supervision of employees and data losses. Cyber-attacks targeted at our information technology systems may affect our business operations by interfering with our online reservation system. While we have put in place sophisticated systemic and operational controls, including identification of all critical business applications and IT assets, IT continuity plans, centralized data loss prevention systems, etc., there may be a possibility that the same may not be adequate to prevent frauds, data sharing, errors, hacking and system failures. If we suffer from any of such technological threats, it could adversely affect our reputation, business operations and financial performance.

Our business makes use of sophisticated technology and digital systems in areas such as property management, reservations, distribution, revenue management, customer loyalty programs, guest amenities and our Company's website and web application. We incur significant costs towards the development of our technological systems. The cost, speed, and efficiency of our reservations system are important aspects of our business and are an important consideration for hotel owners in choosing to enter into hotel management and franchise agreements with us. Further, any failure to keep up with the latest technological developments or failure to replace any outdated systems in a timely manner may adversely affect our operations and financial condition. We may also experience an erosion of our competitive edge if other market players keep pace with the technological developments in a more timely and cost-effective manner and achieve the desired benefits from it. While we have not experienced any significant disruptions to our central reservations system or other information technology systems on account of technological obsolescence or cyber-attacks in the past, we cannot assure you that we will not encounter any such disruptions in the future. Any such disruption may result in the loss of key information and disruption of our business processes as well as financial losses.

18. ***Changes in travellers' preferences due to increased use of telepresence equipment, cost of travel, spending habits, and other factors may adversely affect the demand for hotel rooms, thereby adversely impacting our business, results of operations, financial condition, and cash flows.***

With the increased use of business-related technology, an increasing availability of various accommodation options, and the presence of internet-based hotel aggregators and travel agents, the traveller's choices have widened. The increased reliance on teleconference and video-conference technologies in day-to-day business reduces the necessity for business-related travel, which in-turn decreases the demand from business travellers. Similarly, a shift in spending habits and the cost-conscious mind-set of travellers may adversely affect our business and financial condition in the future. The hospitality industry remains heavily dependent on the preferences of travellers which is beyond our control and we cannot guarantee that changes in the preferences of travellers will not adversely affect our business operations and financial performance.

19. ***The success of our business is dependent on our ability to anticipate and respond to evolving customer requirements and provide superior quality of services than that of our competitors. Our business may be affected if we are unable to identify and understand contemporary and evolving customer preferences or if we are unable to deliver quality service as compared to our competitors.***

Changes in customer preferences, national and regional economic conditions and demographic trends have a significant impact on the hospitality business. Our success is driven by the quality of our services and the ability to meet customer expectations. The ability to anticipate, identify and fulfil evolving customer demands and preferences is critical in this regard. Our inability to identify, anticipate, understand and address contemporary and evolving customer preferences or to deliver quality service as compared to our competitors, for reasons including any failure or deterioration of our quality control systems, or in the event that our competitors are able to identify and meet such customer demands in a superior manner, our business, financial condition, cash flows and reputation may be adversely affected. This may affect our market perception and require us to incur significant costs towards understanding customer preferences and trends, marketing, enhancing guest experiences and restoring the credibility of our brands.

The performance and quality of services at our hotels are critical to the success of our business. While we implement stringent quality checks to monitor the performance and quality of services at our hotels, we cannot assure you that these measures will consistently maintain the desired service performance and quality.

20. ***We are exposed to risks associated with food preparation and delivery which inter alia includes food safety, high product quality/ consistency and order fulfilment. If we are unable to maintain quality and efficiency of food preparation, delivery or manage operational challenges, it could reduce demand for our products resulting in an adverse impact on our business and loss of reputation.***

Any failure to maintain the quality and hygiene standards of the food and beverages that we offer will adversely affect our business operations and financial performance. Food and beverage preparation and service requires careful and hygienic handling of food products, which if improperly undertaken may have an adverse impact on the health of our guests and may result in liability for us or otherwise harm our reputation. Key risks include, *inter alia*, inadequate inspection and testing of food items, inappropriate cooking, inadequate refrigeration and non-compliance with FSSAI norms. To address such risks, we deploy risk mitigation strategies, including institutionalizing stringent quality inspection and cooking measures, strong controls over cleaning, maintenance and conducting timely examination of food items, periodic training of relevant personnel and systems to ensure complete compliance with FSSAI norms.

Further, since we also provide delivery services for the food and beverages prepared in the restaurants located in our hotels directly or through e-commerce aggregators, we are exposed to risks relating to transportation, contamination or spoilage of food items, manhandling, and other logistical challenges. In this regard, we are dependent on factors such as the weather, temperature, technology, integration of third-party systems, and the efficiency of our delivery personnel or partners.

While we have robust quality control mechanism for preparation, packaging and delivery of food and beverages, any failure in effectively managing such operational challenges may result in delayed or sub-standard services being provided to our customers, leading to customer dissatisfaction, which in turn may cause an adverse impact on our business, results of operations and reputation

21. ***Our operations may be adversely affected if we are unable to attract and retain high quality talent, including our senior management; inadequate training and development, and high attrition may adversely affect business operations and growth prospects of the Company.***

In order to run a successful large-scale hotel business in India and provide the high-quality service that defines our reputation, we maintain a qualified and well-trained management and service staff. This requires us to identify and recruit competent staff, train them and retain them in the long run, towards which we incur significant costs. Shortage of skilled labour or failure to retain well-trained staff may have an adverse effect on our operations, financial condition, and reputation. We also rely on the competency and skill of our Key Managerial Personnel and Senior Management, and in case they are unable or unwilling to continue in their present positions, we may not be able to replace them easily. Given that our Key Managerial Personnel and Senior Management have built long-lasting relationships with our customers over the decades, the loss of their services could impair our ability to implement our strategy, and may result in the loss of revenue and impede our growth.

Further, while we believe in being the 'employer of choice' for our employees and undertake various learning and development programs and other initiatives for the benefit of our employees, we cannot predict that any disagreements with our employees, strikes, lock-outs or mass exits in the future will not damage our reputation and affect our business operations.

We deploy a large workforce of over 8,200 direct employees (excluding contractual employees) including service staff, across our hotel properties, and we may be exposed to various risks, including the following, towards which we may have to divert significant costs and resources:

- actions, inactions, errors or malicious acts by our personnel, including matters for which we may have to indemnify our guests;
- failure of our personnel to adequately perform their duties, including for rendering deficient services, staff shortages, absenteeism or tardiness;
- violation by our personnel of security, privacy, health and safety regulations and procedures;
- any failure by us to adequately verify backgrounds and qualifications of our personnel or third-party service providers;
- injury or damages to any guest or their property due to negligence of our personnel or third-party service providers; and
- criminal acts, torts or other negligent acts by our personnel or third-party service providers.

We may also experience employee disruptions at hotels owned/ leased or managed/ franchised by us, which may temporarily affect our operations or, if severe, may reduce the overall profitability and adversely affect the results of our operations.

A significant increase in the attrition rate of employees may result in an increase in recruitment and training costs for new hires, potential decline in productivity and efficiency, loss of knowledge, skill and expertise, disruption in hotel operations and negative reputation. As a result of the happening of such events, we cannot assure you that we will be able to grow our workforce in a manner consistent with our growth objectives, which may adversely affect our business operations, financial performance and growth prospects. While we have not experienced any material instances of employee disruptions or claims in the recent past, such disruptions or claims in the future may result in interruptions to our operations, negative publicity and adverse effects on our reputation, increased operational cost and impact our overall financial performance, going forward.

22. ***Disruptions or lack of basic infrastructure such as electricity and water supply could adversely affect our operations. Existing transportation infrastructure at or near our hotels could be closed, relocated, terminated, delayed or not completed at all.***

We are significantly dependent on the consistent and regular provision of electricity and water supply for our hotel operations. While we take necessary steps to ensure uninterrupted power supply at our hotels by maintaining stand-by generators, we cannot guarantee that we will always have sufficient back-up power during power failures. We rely on large-scale air-conditioning plants to maintain cooling standards and any interruption in the functioning of such air conditioning plants could cause serious reputation and operational risks at our hotels.

Additionally, we primarily depend on government water supply services (wherever accessible) to meet our water needs. In the past, we have not experienced any material disruptions in the provision of basic infrastructure facilities such as electricity and water supply. However, any failure on our part to obtain alternate sources of electricity or water, or to address mechanical, electrical and plumbing failure, in a timely fashion, and at an acceptable cost, may have an adverse effect on our business operations and financial performance.

The locations of our hotels and their accessibility through transport services and related infrastructure are also of significant relevance to us. While we have not faced any material instances of closures, termination, delay or incomplete transport services and related infrastructure in the past, if the accessibility to any of our hotels is adversely affected in the future, for reasons beyond our control, it could negatively affect the attractiveness and marketability of our hotels, which may, in turn, impact our business operations and financial performance.

23. ***Our operations require the services of third parties on which we depend. There is no guarantee that such third parties will perform their obligations in a timely manner or at all.***

In order to provide quality services to our customers, we depend on third parties for certain business operations and services. These third parties include contractors, engineers, architects, suppliers of fabrics, furniture and carpeting, cleaning service providers, manufacturers of eatables, beverages and other consumables, and other third parties required for logistical support. We have outsourced services to third parties in the past and may continue to do so in the future. Any disruptions in the provisions of their services or any conflict with such third parties that arise in the future may require us to incur additional costs or may result in a delay of provision of certain services to our guests within the intended timeframe, which may in turn have an adverse impact on our business, results of operations, cash flows and financial condition.

24. ***We are exposed to a variety of risks associated with safety, security and crisis management.***

Being in the hotels business, we are exposed to risks resulting from extreme weather, natural disasters, pandemics, fire, health crisis, civil or political unrest, violence and terrorism, cybercrime, sexual harassment at the work place, employee dishonesty, thefts, misappropriation of funds, serious and organised crime, or petty crimes, which may result in danger to or loss of lives, or substantial damage or destruction or loss of reputation to our hotel properties, resulting in suspension of our operations. Terrorism continues to pose a global risk and hotels are often considered vulnerable destinations to such terrorist activities. Additionally, the presence of domestic and international VIPs and high net worth individuals increases the potential consequences of both natural and man-made incidents. There have been instances of travel advisories in the past to tourists from countries of their origin to specific destinations in India. While we have not faced any such instances in the recent past that have materially affected our business and results of operations, serious incidents or a combination of such events could escalate into a crisis which, if managed poorly, could further expose us to significant reputational damage and lack of customer confidence in our business. Any such incidents may also subject us to disputes or litigation, and in case we are found liable, it could adversely impact the results of our business operations and financial performance.

25. ***An inability to establish and maintain effective internal controls could lead to an adverse effect on our business, results of operations, cash flows and financial condition.***

Our success hinges on our capability to efficiently utilise resources and uphold internal controls, for which we have established processes to ensure timely and adequate compliance and disclosure. We also maintain robust internal controls over financial reporting, enabling us to produce reliable financial statements and prevent financial fraud. Periodically, we test and update our internal processes and systems as we are vulnerable to operational risks due to potential inadequacies or failures of these processes or systems. Our actions may not always be sufficient to guarantee effective internal checks and balances under all circumstances. Maintaining such internal controls requires human diligence and compliance, making them subject to lapses in judgment and failures resulting from human error. While continuous efforts are made to enhance internal control systems, it is not possible to completely eliminate all such risks.

Additionally, due to the nature of our business and operations, we conduct a high volume of business transactions. If weaknesses in our internal controls are not identified and addressed in a timely manner, it may adversely impact our ability to manage our business effectively. Although we have not experienced any significant lapses in our internal controls previously, any future lapses could potentially affect our business operations and financial performance.

26. ***New brands or services that we launch in the future may not be as successful as we anticipate, which could have an adverse effect on our business, financial condition and results of operations.***

The success of our business is dependent on the strength and reputation of our brands. In addition to our existing brand portfolio, we may launch additional branded hotels, products and services in the future for our customers. We cannot guarantee that such new brands, products or services will be successful, or will be accepted by our customers or hotel owners. We cannot also provide any assurance that we will be able to recover the costs incurred in developing such brands. Thus, if our new brands, products and services are not as successful as envisaged by us, it could have an adverse effect on our business operations, financial performance and growth prospects.

27. ***Any failure to protect our trademarks and other intellectual property could reduce the value of our brands and harm our business.***

Being a well-recognized hospitality player, we have several well-known and widely recognized trademarks and logos for (a) our hotels (whether owned/ leased or managed/ franchised), such as Welcomhotel, Mementos, Storii, Fortune, with its variant suffixes, i.e., Select, Park, Resort, Inn, WelcomHeritage; (b) our signature cuisine brands including Peshawri, Avartana, Ottimo, among others; and (c) wellness, including Kaya Kalp and K by Kaya Kalp. We have registered the trademarks for some of our brands and logos, including Welcomhotel, Mementos, Storii, Fortune with its variant suffixes, i.e., Select; Park, Resort, Inn, WelcomHeritage, which are material to our business operations. As on the date of the Information Memorandum, our Company has over 550 registered trademarks. We take necessary steps to use and to protect our trademarks and other intellectual property rights in India and other jurisdictions. Notwithstanding the precautions we take to protect our intellectual property rights through protections available under Indian intellectual property laws and our robust monitoring processes, we cannot assure that we will be successful in preventing all third parties from using or copying our trademarks or other intellectual property without authorization. Further, we may incur significant costs in respect of disputes arising from such unauthorized use of our intellectual property. We may also be unsuccessful in defending ourselves in such suits, resulting in a loss of material intellectual property rights. We may incur costs or losses arising from any disputes in respect of our intellectual property, arising in jurisdictions outside India. Third parties may also challenge or oppose our trademark applications, and we cannot guarantee that all our pending trademark applications will be granted in a timely manner. In addition, our current and future trademarks are subject to expiration, and we cannot guarantee that we will be able to renew all of them prior to their expiration.

While we take measures to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty whether we are infringing any existing third-party intellectual property rights. Any failure to maintain and protect our intellectual property may harm our business and reputation and may adversely affect our business operations and financial performance.

28. ***We have entered into agreements with Marriott Group for use of their global brands 'Luxury Collection' and 'Sheraton' for some of our hotels. While these are long-term agreements with Marriott Group, if these agreements are terminated or not renewed, our business, cashflows and financial condition may be impacted.***

Pursuant to various license agreements with Marriott, 16 hotels are owned and/or operated by us under 'The Luxury Collection' brand in India ("India LC Hotels") and in Sri Lanka. Under the license agreements for the 15 India LC Hotels, we have an exclusive license for use of 'The Luxury Collection' brand in India. We also own and operate a hotel based in New Delhi under "Sheraton" brand under a non-exclusive license from Marriott.

We utilize these global brands to market our hotels and use the global distribution network provided by these brands. While we maintain a strong relationship with Marriott since 1979, in the event these agreements are terminated prior to their tenure, or if not renewed, we may not have access to these brands, their loyalty programs and distribution network and our business, financial condition and results of operations may be adversely affected including due to disruptions and expenses related to such re-flagging or re-branding.

29. ***A part of our hotel reservations originates from online travel agents and intermediaries. If these entities continue to gain market share compared to our direct reservation system or our competitors are able to negotiate more favourable terms with such online travel agents and intermediaries, our business and results of operations may be adversely affected.***

Currently, about 18% of our hotel reservations originate from multinational as well as regional or local online travel agents and intermediaries, including online aggregators, with whom we have contractual arrangements and to whom we pay commissions. These parties provide various services such as reservation and bookings, comparative analysis tools, and review functions. They may create the impression of offering lower prices compared to our direct reservation systems.

With their growing range of services and economical costs, these travel agents and intermediaries may be preferred by customers over our direct reservation systems in the future. In the event these companies continue to gain market share, they may impact our profitability, undermine our direct booking channels and online web presence, and may be able to negotiate more favourable contract terms. Negative reviews and feedback on online travel portals may cause guests to choose the services of our competitors. Further, our competitors may be able to negotiate more favourable terms with such online travel agents and intermediaries, impacting our reservations from these channels, which in turn may adversely affect our business and results of operations. Moreover, any material disagreements with any travel agents or intermediaries may result in the hotels in our portfolio being removed from their platform. While we have not faced any material disagreements with travel agents and intermediaries in the past, any material disagreements in the future may lead to an adverse effect on our business and profitability.

30. ***Our insurance coverage may not adequately protect us against risks including operating hazards and natural disasters.***

We could also be held liable for accidents that occur at our hotels or otherwise arise out of our operations. In the event of personal injuries, fires or other accidents suffered by our employees or other people, we could face claims alleging that we were negligent, provided inadequate supervision or be otherwise liable for the injuries. In addition, natural calamities such as floods, earthquakes, etc. could disrupt our operations. We have not experienced any material instances of personal injuries, fires or other accidents suffered by our employees or other people in the past. Further, our hotel properties and several aspects of our business are covered by insurance policies, which cover risks relating to public liability, property damage, *inter alia*, in respect of buildings, plant and machinery breakdowns, fire insurance, earthquake, floods, deterioration of stocks, accidental damage, loss of profit, business interruptions, terrorism etc. We also maintain directors' and officers' liability insurance for our management personnel and accident group insurance, health insurance and life insurance for our employees. We believe that the insurance policies availed by us provide us with reasonable protection from various foreseeable contingencies. However, there may be unforeseen or undesirable circumstances which may not be, either partially or entirely, covered by our insurance policies, or may cause consequential loss or damage in case of any events to which our insurance policies may not be extended. Further, there is a possibility that our insurance claims may not be honoured, either partially or at all, in the future. Accordingly, such circumstances may require us to incur significant costs, and may have a material adverse effect on our business operations and financial performance.

31. ***We have in the past entered into related-party transactions and may continue to do so in the future***.

Our Company has entered into transactions with certain related parties in the past. For details on related party transactions, please see "*Financial Information – Related Party Transaction*" on page 238 and 259. While we believe that such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with these related parties. Further, our Company may continue to enter into related party transactions in the future.

Although all related-party transactions that we may enter into will be subject to authorizations and approvals, as required under the Companies Act, 2013 and the SEBI Listing Regulations, there can be no guarantee that such transactions, individually or in aggregate, will not have an adverse effect on our financial condition and results of our operations or that we could not have achieved more favourable terms if such transactions had not been entered into with related parties.

32. ***We have in the past done, and may continue to do, strategic acquisitions, joint ventures and investments, which may not perform in line with our expectations or may be prone to other contingencies.***

We have previously engaged in acquisitions and joint ventures to expand our hotels portfolio and operational presence in India. As part of our growth strategy, we continue to evaluate future opportunities to grow through inorganic means, including the acquisition of hotel properties and entering into strategic joint ventures.

However, there is no assurance that we will be able to successfully identify or pursue such opportunities in the future. Factors such as changing market conditions, increased competition for attractive targets, regulatory constraints, or lack of alignment with potential partners may limit our ability to identify or execute such strategic arrangements. Even if we identify such opportunities, there is a risk that we may not be able to negotiate favourable terms, secure necessary approvals or successfully integrate acquired businesses or establish effective collaborations. We may not also be able to effectively integrate and manage the acquired businesses, exert control over strategic decisions made by companies acquired or exert control over actions of our joint venture partners. It is also possible that the due diligence exercise prior to any acquisitions we make may not have identified all material defects or identify any possible liabilities from such defects which may adversely affect the earnings and cash flows from such acquisitions.

The abovementioned risks, if materialized, may have an adverse effect on our business operations, financial performance and growth prospects.

33. ***Our inability to effectively manage our expansion and execute our growth strategy could have an adverse effect on our business, results of operations and financial condition.***

We cannot assure you that we will successfully execute our strategies, that our growth strategy will continue to be successful or that we will be able to continue to expand further or sustain the same rate of growth. Changes in market dynamics, increased competition, evolving customer preferences, regulatory challenges, or economic uncertainties may hinder our ability to execute our growth strategy effectively.

Our growth strategy depends on several factors, including successful launches of new hotels or brands, expansion into new markets, and strategic investments in technology and infrastructure. Any delays, inefficiencies, or failures in executing these initiatives could negatively impact our business operations and financial performance.

In order to manage and support our growth, we must implement, upgrade and improve our operational, administrative and technological systems, procedures and internal financial and management controls with a view to effectively manage our portfolio. If we fail to implement these systems, procedures and controls on a timely basis, or if there are weaknesses in our internal controls that could result in inconsistent internal standard operating procedures, we may not be able to efficiently manage our business and growth and our reputation may suffer. While we have not experienced any inadequacies in our management, operational and financial systems that materially affected our business and results of operations in the past, we cannot assure you that such systems will be adequate to support all our future operations.

34. ***We may require additional equity or debt financing in the future in order to continue to grow our business, which may not be available on favourable terms, or at all.***

While our Company currently has a strong zero debt balance sheet, it may need to raise additional capital in the future to support growth plans. We cannot assure you that such funds will be available to us on favourable terms, or at all. The amount and timing of such additional financing needs will vary depending on the timing of our new hotel launches, potential acquisitions of new hotel assets, renovation and refurbishment costs for new and existing hotels, and the amount of cash flow from our operations. Further, any incurrence of debt may increase our financing costs.

Our ability to obtain additional capital on acceptable terms is subject to several uncertainties, including:

- investors' or lenders' perception of and demand for our services;
- conditions of the Indian and other capital markets in which we seek to raise funds;
- our future results of operations, financial condition and cash flows;
- governmental regulation of foreign investment in the hospitality industry and the construction development of hotel projects;
- economic, political and other conditions in India; and
- governmental policies concerning external commercial borrowings.

Further, our financing agreements may contain terms and conditions that may restrict our ability to operate and manage our business, such as terms and conditions that require us to maintain certain pre-set debt service coverage ratios and leverage ratios and require us to use our assets, including our cash balances, as collateral for our indebtedness. If we are unable to raise additional funds on favourable terms, or at all, our business, results of operations and financial condition may be adversely affected. Our Company has been rated AAA/Stable and A1+ for its Long term and Short term bank loan facilities, respectively, by CRISIL. Any downgrade in our credit ratings could also increase borrowing costs and adversely affect our access to capital and debt markets. In addition, any such downgrade could increase the probability that our lenders may impose additional terms and conditions to any financing or refinancing arrangements that we enter into in the future, thereby adversely affecting our business, results of operations, financial condition and cash flows.

35. ***Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.***

Our ability to pay dividends in the future will depend, *inter alia*, on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements, if any. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our Board deems relevant, including our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements and in line with the approved Dividend policy of our Company. In view of the emergent opportunities and growth strategies, our Board may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. We cannot provide the assurance that we will be able to pay dividends in the future. For details on the dividend policy adopted by our Board, see "Dividend Policy" beginning on page 212.

36. ***There are outstanding legal proceedings against our Company, certain of our Directors, our Promoter, and our Subsidiaries which may adversely affect our business, financial condition and results of operations.***

There are outstanding legal proceedings against us that are incidental to our business and operations. Our Company, Subsidiaries, our Promoter, and some of our Directors, face certain legal proceedings, which are pending at varying levels of adjudication before various fora. Such proceedings may consume significant financial resources of our Company and managerial time of our executives, and may unfavourably affect our reputation (even if we ultimately prevail in such litigation), causing an adverse effect on our business and financial condition, presently or in the future. Further, unfavourable outcomes in any of these proceedings could have an adverse effect on our business, financial condition, results of operations and prospects.

For a summary of such outstanding litigation proceedings involving the Company, our Promoter, our Directors, and our Subsidiaries, please see "*Information Memorandum Summary - Summary of outstanding litigation*" and *"Outstanding Litigations and Other Material Developments"* on pages 17 and 278, respectively of this Information Memorandum.

37. ***We have contingent liabilities and our financial condition could be adversely affected if any of these contingent liabilities materialize***

Our contingent liabilities, as disclosed in "*Financial Information*" on page 213, may materialize. Further, we cannot assure that we will not incur similar or increased level of contingent liabilities in the future. If any of the contingent liabilities materialize or if at any time, we are compelled to pay all or a material proportion of contingent liabilities, our financial performance may be adversely affected.

38. ***Delays or defaults in payment from our customers could affect our cash flows and may adversely affect our financial condition and operations.***

We extend credit to some of our customers based on credit assessment carried out by us or by third parties for a specific period of time.

There is no assurance that we will be able to recover these outstanding amounts in part, full or at all. Prolonged payment cycles, defaults or financial difficulties faced by our customers could result in a mismatch in cash flows, eventually resulting in bad debts. This may negatively affect our financial condition and operations.

39. ***Any downgrade of our credit ratings may restrict our access to capital and thereby adversely affect our business, reputation, cash flows and results of operations.***

Our Company has been rated AAA/Stable and A1+ for its Long term and Short term bank loan facilities, respectively, by CRISIL, reflecting our strong financial position and creditworthiness. However, there is no assurance that we will be able to maintain this rating in the future. Any downgrade in our credit rating, whether due to macroeconomic factors, changes in our financial performance, or adverse developments in our industry, could restrict our access to capital markets, increase borrowing costs and have significant negative implications for our business.

40. ***This Information Memorandum contains information from third-party industry sources, including the Industry Reports, which have been exclusively commissioned and paid for by our Company solely for the purposes of preparing this Information Memorandum. Such information is based on certain assumptions and prospective investors are advised not to place undue reliance on such information.***

This Information Memorandum includes data and analysis derived from third-party industry sources and a report commissioned by us from CHHTL, an independent consulting firm engaged and paid by us.

All such information in this Information Memorandum indicates third-party industry sources or the Industry Reports as its source and such industry and third-party related information has not been independently verified by us. A copy of the Industry Reports will be available on the website of our Company at www.itchotels.com. We commissioned CHHTL for the purpose of confirming our understanding on the hospitality business and the future outlook of the industry in India and Sri Lanka.

Moreover, the industry sources, including the Industry Reports, contain certain industry and market data, based on certain assumptions. Such assumptions may change based on a variety of factors. Further, the Industry Reports uses certain methodologies for market sizing and forecasting. There are no standard data gathering methodologies in the hospitality sector, and methodologies and assumptions vary widely among different industry sources. Industry sources and publications are prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Further, the Industry Reports or any other industry data or sources are not recommendations to invest in any company covered in the Industry Reports. Accordingly, investors should read the industry-related disclosures in "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 149 and 265, respectively, in this context and should not base their investment decision solely on the information derived from the Industry Reports.

External Risk Factors

41. ***Subsequent to the listing of the Equity Shares, we may be subject to pre-emptive surveillance measures, such as the Additional Surveillance Measures and the Graded Surveillance Measures by the Stock Exchanges in order to enhance the integrity of the market and safeguard the interest of investors.***

Subsequent to the listing of the Equity Shares, we may be subject to Additional Surveillance Measures ("**ASM**") and Graded Surveillance Measures ("**GSM**") by the Stock Exchanges. These measures are in place to enhance the integrity of the market and safeguard the interest of investors. The criteria for shortlisting any security trading on the Stock Exchanges for ASM is based on objective criteria, which includes market-based parameters such as high low-price variation, concentration of client accounts, close to close price variation, market capitalization, average daily trading volume and its change, and average delivery percentage, among others. Securities are subject to GSM when its price is not commensurate with the financial health of the issuer. Specific parameters for GSM include net worth, net fixed assets, price to earnings ratio, market capitalization and price to book value, among others. Factors within and beyond our control may lead to our securities being subject to GSM or ASM. In the event our Equity Shares are subject to such surveillance measures implemented by any of the Stock Exchanges, we may be subject to certain additional restrictions in connection with trading of our Equity Shares such as limiting trading frequency, wherein trading is either allowed once in a week or a month, or freezing of price on upper side of trading which may have an adverse effect on the market price of our Equity Shares or may in general cause disruptions in the development of an active trading market for our Equity Shares. The market price of the Equity Shares may be subject to significant fluctuations in response to such disruptions.

42. ***A slowdown in economic growth, in India or globally, could have an adverse effect on our business, financial performance and operations.***

The performance and growth of our business is significantly dependent on the health and performance of the overall Indian and global economy. The hospitality industry is especially sensitive to the condition of the economy, and a contraction of the global economy or low levels of economic growth in the domestic or overseas markets where we operate could adversely affect our business operations, and our ability to raise funds, meet revenue and sales targets, and implement our strategies in the future. Further, our business and results of operations may be affected by factors such as inflation, change in interest rates, increase in transportation and fuel costs, increase in taxes, etc. In addition, many of the expenses associated with our business are relatively fixed, and we cannot assure you that we will be able to meaningfully calibrate these costs during a period of overall economic weakness. We cannot assure you that such macroeconomic and other factors, which are beyond our control, would not significantly affect demand for our services in the future and that such factors would not adversely affect our result of operations as well as limit or slow our future growth.

43. ***Our business is greatly dependent on the condition of the tourism and travel industry in India and any changes in the policies of the Indian government relating to tourism can adversely affect our business.***

The Government of India has introduced several policies and initiatives relating to travel and tourism in India. In 2022, the Government of India introduced the Draft National Tourism Policy of 2022, which focuses on the sustainable growth and development of the tourism sector in India. The policy will be applicable for the next 10 years and targets 25 million international tourist arrivals and 4 billion domestic tourist visits by the year 2030. The overall goal of the policy is to achieve $1,000 billion in tourism GDP by 2047. However, any change in the Government's stance or policies in relation to tourism, any limitation of the foreign direct investment in the hotel and hospitality industry in India, or any additional requirements or restrictions imposed on players in the travel and tourism industry whether due to a public health emergency or any other reasons may either directly or indirectly, affect the operations, revenue and results of operations of our Company.

44. ***Any natural or man-made calamities or disasters, pandemics or endemics, civil unrest, regional conflicts or other such events can materially affect our business.***

Natural disasters such as cyclones, storms, floods, fires, earthquakes, tsunamis, tornadoes, explosions, pandemic disease, etc., and any man-made disasters such as acts of war, terrorist attacks, military actions, civil disturbances, adverse social, economic or political events, etc., may cause economic or civil instability, loss of business confidence or make travel and other services more difficult, which could have a material impact on our business, results of operations, cash flows and financial condition. Such incidents, along with any deterioration in internal relations, perception of riskiness of Indian securities or regional stability in India, may also adversely affect the price of our Equity Shares.

45. ***We are subject to risks related to Environmental, Social and Governance ("ESG") aspects.***

We are subject to environmental risks including on account of climate change involving, inter alia, rising average temperatures, increasing severity and frequency of extreme weather events and natural disasters. Moreover, we may also be impacted by changes in laws and regulations related to climate change and sustainability. These factors may lead to a decline in travel and lower demand for hotel rooms and related services. Further, these could also result in increase in operating costs and impact our business operations. Significant costs could also be involved in improving the efficiency and climate resilience of our hotels or otherwise preparing for, responding to, and mitigating the physical effects of climate change, environmental or sustainability-related concerns.

The growing importance of social responsibility including labour rights, DEI (diversity, equity and inclusion) policies and community engagement, means that our business must continue to align with international ESG standards. There is also increasing focus on ethical governance, encompassing areas such as transparency, disclosures, accountability and regulatory compliances. While we are focused on embedding ESG at the forefront of our business goals, our Company may be susceptible to the risk of reputational damage and higher compliance costs on account of the above, which may have an adverse effect on our financial performance and business operations.

46. ***We are subject to risks associated with the domestic and international property markets.***

Since we are engaged in the business of owning, managing and franchising properties, we may be unfavourably affected by factors specific to property markets such as changes in interest rates, availability of financing, cost of real estate assets and hotel location requirements. We may also be adversely affected by lack of liquidity of real estate assets, uncertainty of market conditions, and legal or regulatory actions taken by statutory authorities, which inter alia may decrease the value of the real estate we own. Further, factors such as macroeconomic and geopolitical factors, natural disasters and competition may adversely impact the cost and availability of suitable property in potential markets or the markets in which our hotels operate. Such factors may also adversely impact our ability to sell surplus and/ or value dilutive real estate assets, if required, on beneficial terms.

47. ***Changing laws and regulations in India and legal uncertainties may adversely affect our business and financial performance.***

The legal and regulatory framework in India is continuously evolving and is subject to change. Various evolving laws and policies, including those pertaining to labour, safety, health and food, environment, real estate, food, taxation, and foreign investment, will remain applicable to our business through the course of our operations. The Government of India may implement new laws, regulations and policies that could lead to new compliance requirements, including requiring us to obtain approvals and licenses from the Government of India or other regulatory bodies, thereby imposing additional requirements and compliances on us.

There is no certainty on the impact that any further amendments to taxation laws may have on our business and operations or on the industry in which we operate.

Additionally, the Government of India has recently introduced the four new labour codes relating to wages, industrial relations, social security, and occupational safety, namely the Code on Wages, 2019, the Industrial Relations Code, 2020, Code on Social Security, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020, which consolidate, subsume and replace numerous existing central labour legislations. The new labour codes have not yet come into force, and the full impact of such laws on our business, operations and growth prospects, would be ascertainable only in the future.

Unfavourable changes in or interpretations of existing laws, or the promulgation of new laws, rules and regulations, including foreign investment laws governing our business, operations and group structure, could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

Further, the Government of India has introduced The Bharatiya Nyaya (Second) Sanhita, 2023, Bharatiya Nyaya Sakshya Sanhita, 2023 and Bhartiya Sakshya Sanhita, 2023, which have replaced the Indian Penal Code, 1860, Code of Criminal Procedure, 1973 and the Indian Evidence Act, 1872, respectively. While the rules for implementation under these codes have not been finalized, the coming into force of these codes could increase the financial burden on our Company, which may adversely impact our business and profitability.

48. ***We may be subject to certain geopolitical and market risks, which could adversely affect our business and results of operations.***

Global geopolitical conditions have a direct correlation with inbound travel to India. Any overseas expansion may subject us to additional geopolitical and market risks which are beyond our control in the markets we operate in, including any overseas markets.

Some of these risks include:

- Increases in operating costs due to escalation of labour costs, utility costs (including energy costs),
- Increased taxes and insurance costs, as well as unanticipated costs owing to acts of nature;
- Inflation which could increase our costs and decrease our results of operations;
- Increases in transportation and fuel costs for sustained periods and impediments to means of transportation that could adversely affect domestic and international travel;
- Exchange rate fluctuations;
- Political instability in any of the markets we operate in;
- Changes in interest rates and in the availability, cost and terms of financing; and
- Changes in governmental laws and regulations, fiscal policies and incentives and the costs of compliance.

We cannot assure you that such geopolitical and market risks would not significantly affect demand for our portfolio and services in the future, including demand for rooms at properties that we own, manage, franchise or develop, and that such factors would not adversely affect our business and result of operations as well as limit or slow our future growth.

49. ***If inflation were to rise in India, we may not be able to increase the prices of our hotel rooms at all, or in a manner that ensures our margins are protected, which may result in a decline in our profits.***

Inflation rates could be volatile, and we may face high inflation in the future. Increasing inflation in India can contribute to an increase in interest rates and increased costs to our business, including increased costs of transportation, salaries, and other expenses relevant to our business, which may adversely affect our business and financial condition. High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our operating expenses, which we may not be able to pass on to customers, whether entirely or in part, and the same may adversely affect our business and financial condition. Further, high inflation leading to higher interest rates may also lead to a slowdown in the economy and adversely impact credit growth. If we are unable to increase our revenues sufficiently to offset our increased costs due to inflation, it could have an adverse effect on our business, prospects, financial condition, results of operations and cash flows.

While the Government of India has previously initiated economic measures to combat high inflation rates, it is unclear whether these measures will remain in effect, and there can be no assurance that Indian inflation levels will not further rise in the future.

50. ***We are exposed to risks associated with foreign exchange rate fluctuations and hedging***

The majority of our costs and incomes are denominated in local currencies, providing a "natural hedge" against currency exchange fluctuations. Nevertheless, our operations in ITC Ratnadipa in Colombo, Sri Lanka exposes us to certain currency exchange risks. Changes in the value of currencies with respect to the Rupee may cause fluctuations in our operating results expressed in Rupees, and a possible fluctuation of the aforementioned currencies with respect to the Rupee may have an unfavourable impact on such results. While we enter into forward exchange contracts or other derivative instruments to hedge these risks, there is no assurance that such fluctuations will not affect our financial performance in the future, particularly in the event of expansion into other emerging markets outside India where the risk of currency volatility is higher.

51. ***Any downgrading of India's debt rating by an independent agency may harm our ability to raise financing.***

India's sovereign debt rating can be downgraded by domestic or international rating agencies for reasons outside the control of the Company. However, such revisions to India's debt rating may detrimentally affect our ability to raise additional financing on favourable terms, or at all, and the interest rates and other commercial terms at which such additional financing is available. This may have a negative effect on our business, financial performance, capital expenditure plans, and the price of our Equity Shares.

52. ***Recent global economic conditions have been challenging and continue to affect the Indian market. Financial instability in other countries may cause increased volatility in Indian financial markets.***

Economic developments globally can have a significant impact on India. In particular, the global economy has been negatively impacted by the conflict between Russia and Ukraine, and the ongoing disruption in the Middle East. Governments in the United States, United Kingdom, and European Union have imposed sanctions on certain products, industry sectors, and parties in various countries. Such disruptions could negatively impact regional and global financial markets and economic conditions, and result in global economic uncertainty impacting travel and hospitality industry. Any significant disruption could have an adverse effect on our business operations and financial performance.

53. ***Investors may not be able to enforce a judgment of a foreign court against us, or our Directors, except by way of a lawsuit in India.***

Our Company is a public company incorporated under the laws of India. Our directors are residents of India and most of our Company's assets are located in India. As a result, it may be difficult for investors to effect service of process (upon us or on these persons) outside India, or to enforce judgments (including judgments predicated upon the civil liability provisions of securities laws of jurisdictions outside India, including judgements obtained in U.S courts under federal securities laws of the United States) obtained against our Company or against such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908 ("**CPC**"). India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, such as the United Kingdom, the UAE, Singapore and Hong Kong. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements established under the CPC. The CPC only permits the enforcement and execution of monetary decrees in the reciprocating jurisdiction, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India, including the United States, cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be directly enforceable in India.

54. ***We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could in turn adversely affect our business.***

The Competition Act, 2002, as amended (the "**Competition Act**"), was enacted for the purpose of preventing practices that have or are likely to have an appreciable adverse effect on competition ("**AAEC**"). Further, any agreement among competitors which directly or indirectly involves determination of purchase or sale prices, limits or controls production, or shares the market by way of geographical area or number of customers in the relevant market is presumed to have an appreciable adverse effect on competition in the relevant market in India and shall be void. Furthermore, the Competition Act prohibits abuse of dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the contravention and liable to be punished.

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an AAEC in India. Consequently, certain agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an AAEC in India. The impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. However, if we pursue an acquisition driven growth strategy, we may be affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, any enforcement proceedings initiated by the CCI, any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, or any prohibition or substantial penalties levied under the Competition Act, which would adversely affect our business, results of operations, cash flows and prospects.

While the Competition (Amendment) Act, 2023 (the "**Competition Amendment Act**") has been implemented, only certain amendments have been enforced currently. The Competition Amendment Act amends the Competition Act and gives the CCI additional powers to prevent practices that harm competition and the interests of consumers. The Competition Amendment Act, *inter alia*, modifies the scope of certain factors used to determine AAEC, reduces the overall time limit for the assessment of combinations by the CCI from 210 days to 150 days and empowers the CCI to impose penalties based on the global turnover of entities, for anti-competitive agreements and abuse of dominant position. If we pursue any acquisitions in the future, we may be affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, any enforcement proceedings initiated by the CCI, any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, or any prohibition or substantial penalties levied under the Competition Act, which could adversely affect our business, results of operations, financial condition and cash flows.

Risks relating to Equity Shares

55. ***Foreign investors are subject to foreign investment restrictions under Indian law which may limit our ability to attract foreign investors, and which may adversely impact the market price of our Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted, subject to certain exceptions, if they comply with the requirements specified by RBI. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI will be required. Further, shareholders seeking to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Furthermore, this conversion is subject to the shares having been held on a repatriation basis and, either the security having been sold in compliance with the pricing guidelines or, the relevant regulatory approval having been obtained for the sale of shares and corresponding remittance of the sale proceeds.

Additionally, the Government of India may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Government of India experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Government of India's approval before acquiring Indian securities, or before repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency will be obtained on any particular terms, or at all. Therefore, such uncertainties may dissuade foreign investors from investing in our Equity Shares, and may also adversely affect the market price of our Equity Shares, once listed. This may also result in delays in our future investment plans and initiatives.

Further, according to the Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the Department for Promotion of Industry and Internal Trade in India, all investments under the foreign direct investment route by entities of a country which share a land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government of India as prescribed in the Consolidated FDI Policy dated October 15, 2020 and the FEMA Rules. Any such approvals would be subject to the discretion of the regulatory authorities. We cannot guarantee that any required approval from the relevant governmental bodies can be obtained on any particular terms, or at all.

56. ***Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares and on any dividend received.***

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares of an Indian company are generally taxable in India. Capital gains arising from the sale of the equity shares may be partially or completely exempt from taxation in India in cases where such exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on gains made upon the sale of the equity shares.

The Equity Shares of the Company will be listed and/ or admitted to trading on NSE and BSE pursuant to the Scheme of Arrangement, *inter alia*, providing for the demerger of Hotels Business to our Company, and in consideration, the consequent issuance of New Equity Shares by our Company to the shareholders of ITC Limited as per the Share Entitlement Ratio. In this context, it should be noted that the cost of acquisition of shares in the Resulting Company shall be determined in accordance with the provisions of the Income Tax Act, 1961. Further, the cost of acquisition of original shares held by the shareholder in the Demerged Company shall be deemed to have been reduced by the cost of acquisition of the shares in the Resulting Company in line with the provisions of the Income Tax Act, 1961.

Pursuant to the Finance (No.2) Act, 2024, which was enacted in August, 2024, the capital gains tax rates and provisions, applicable inter alia to listed shares, have been amended. The shareholders are advised to consult their own tax advisors to understand their tax liability as per the laws prevailing on the date of disposal of equity shares.

Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals.

57. ***Rights of shareholders under Indian laws may differ from those under the laws of other jurisdictions.***

Corporate and legal principles in India relating to shareholders' rights, corporate processes, articles of association, composition of the board, directors' duties and liabilities, etc., may differ from those that apply to companies in different jurisdictions. Shareholder's rights in India may be more limited and thus, investors may face more difficulty in asserting their rights as shareholders of an Indian company as opposed to a shareholder in a corporation established in another jurisdiction.

58. ***Any future issuance of our Equity Shares may dilute your shareholdings and may adversely affect the trading price of our Equity Shares.***

In case our Company issues any further equity shares or convertible securities in the future, such issuance may lead to the dilution of the shareholding of shareholders in our Company. Further, as a publicly traded company, there is no restriction on our shareholders to dispose of a part or the entirety of their shareholding in our Company. Any sale of substantial amount of our Equity Shares in the public market post-listing or the perception that such sale could occur, could affect the market price of our Equity Shares and could affect the future ability of the Company to raise capital through equity share issuances.

We cannot assure you that we will not issue additional Equity Shares or convertible securities or that our shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

59. ***Since our shares are denominated in Rupees, the value of our shares may decline based on the value of the Rupee vis- à-vis other currencies.***

Our Equity Shares are denominated, and once listed, will be traded in Indian Rupees. Any fluctuation in the exchange rate between the Rupee and foreign currencies or any erosion in the value of the Rupee may adversely affect the value of our Equity Shares and could result in a loss of your investment. Further, any dividends to be paid on the Equity Shares in the future will also be paid in Rupees and will remain subject to any adverse movement in exchange rates during that time. The exchange rate between the Rupee and the U.S. dollar has changed substantially in the last two decades and could fluctuate substantially in the future, which may have an adverse effect on the value of our Equity Shares and returns from our Equity Shares, independent of our operating results.

60. ***Sale of Equity Shares by investors in ITC Limited., who by their mandate or regulatory restrictions or otherwise, may not be permitted to hold or retain the Equity Shares of the Company allotted to them.***

Some of the shareholders of ITC Limited may not have a mandate to stay invested in our Company or may be bound by regulatory restrictions or other restrictions, due to which they may not be able to hold or retain the Equity Shares of our Company allotted to them and hence, may sell their Equity Shares. We cannot assure you that any such sale by the investors will not have an adverse impact on the market price of our Equity Shares.

61. ***The Equity Shares may experience price and volume fluctuations, and an active trading market for the Equity Shares may not develop. Further, the price of the Equity Shares may be volatile or decline, and you may be unable to resell the Equity Shares at or above the listing Price, or at all.***

After the listing pursuant to the Scheme, an active trading market for our Equity Shares may not develop. Listing and quotation do not guarantee that a market for our Equity Shares will develop, or if developed, that there will be liquidity in such market for our Equity Shares. Investors might not be able to rapidly sell the Equity Shares at the quoted price if there is no active trading in the Equity Shares.

The market price of our Equity Shares may be subject to significant fluctuations in response to, among other factors:

- quarterly variations in our results of operations;
- results of operations that vary from the expectations of research analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by research analysts and investors;
- conditions in financial markets, including those outside India;
- a change 'in research analysts' recommendations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
- announcements by third parties or government entities of significant claims or proceedings against us;
- new laws and government regulations or changes in laws and government regulations applicable to our sector;
- developments relating to our peer companies in the hospitality sector;
- additions or departures of Key Managerial Personnel and/or Senior Management;
- general economic and stock market conditions; and
- public reaction to our press releases and adverse media reports.

Changes in relation to any of the factors listed above could adversely affect the price of our Equity Shares. Consequently, the price of our Equity Shares may be volatile or decline after the Demerger, and you may be unable to resell your Equity Shares at or above the initial price, or at all, and may as a result lose all or a part of your investment.

SECTION IV – INTRODUCTION

GENERAL INFORMATION

Our Company was incorporated as a public limited company under the Companies Act, 2013 with the name 'ITC Hotels Limited' and a certificate of incorporation dated July 28, 2023 was issued by the Registrar of Companies, Kolkata, at West Bengal. The Demerged Undertaking was part of ITC Limited and has been transferred to the Company effective from January 1, 2025, pursuant to the Scheme of Arrangement. For further details, please see "*History and Certain Corporate Matters*" on page 175 of this Information Memorandum.

Registered and Corporate Office of our Company

The addresses of our Registered Office and Corporate Office are as follows:

<u>Registered Office</u>

Virginia House
37, Jawaharlal Nehru Road,
Kolkata 700 071
West Bengal, India

<u>Corporate Office</u>

ITC Green Centre
10 Institutional Area,
Sector-32,
Gurugram 122 001
Haryana, India

Company Registration Number and Corporate Identity Number

The Registration Number and Corporate Identity Number of our Company are as follows:

a. Registration Number: 263914

b. Corporate Identity Number: U55101WB2023PLC263914

Registrar of Companies

Our Company is registered with the Registrar of Companies, Kolkata which is situated at the following address:

Registrar of Companies
Nizam Palace, 2nd MSO Building
2nd Floor, 234/4, A.J.C. Bose Road
Kolkata 700 020
West Bengal, India

Board of Directors

The Board of our Company as on the date of this Information Memorandum comprises the following:

Sl. No.	Name	Designation	DIN	Address
1.	Mr. Sanjiv Puri	Chairman and Non-Executive Director	00280529	Flat No. 9, Fountain Court 7/1, Little Russell Street, Middleton Row, Kolkata 700 071, West Bengal, India
2.	Mr. Kamal Bali	Independent Director	00688141	#247, 4th Main 4th Cross, 1st Block, Koramangala, Bengaluru 560 034, Karnataka, India
3.	Dr. Indu Bhushan	Independent Director	09302960	B-31, Third Floor, West End Colony, New Delhi 110 021, India
4.	Mr. Anil Chadha	Managing Director	08073567	T040, First Floor, Emerald Hills, Sector 65, Badshahpur, Gurugram 122 101, Haryana, India
5.	Mr. Supratim Dutta	Non-Executive Director	01804345	Flat No. 27, Woodlands Syndicate, 8/7 Alipore Road, Kolkata 700 027, West Bengal, India
6.	Mr. Mukesh Gupta	Independent Director	06638754	5-402, MESI, Kesar Exotica, Sector 10, Kharghar, Navi Mumbai 410 210, Maharashtra, India
7.	Mr. Tablesh Pandey	Non-Executive Director	10119561	14, Oval View, Maharshi Karve Road, Churchgate, Mumbai 400 020, Maharashtra, India
8.	Mr. Prathivadibhayankara Rajagopalan Ramesh	Independent Director	01915274	532, Defence Colony, Sainikpuri, Secunderabad 500 094, Telangana, India
9.	Ms. Vrinda Sarup	Independent Director	03117769	I-102, Som Vihar Apartment, R. K. Puram, New Delhi 110 022, India
10.	Mr. Rajendra Kumar Singhi	Non-Executive Director	00009931	Flat No. 5EE, Mani Karn, 3B Rammohan Mullick Garden Lane, Kolkata 700 010, West Bengal, India

For further details of our Directors, see "*Our Management*" on page 186.

Company Secretary and Compliance Officer

Mr. Diwaker Dinesh
Corporate Office:
ITC Green Centre, 10 Institutional Area
Sector-32, Gurugram 122 001, Haryana, India
Tel: 0124-417 1717
Email: investorservices@itchotels.in

Legal Advisors to our Company

Cyril Amarchand Mangaldas
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013, Maharashtra, India
Tel: 022-2496 4455

Registrar and Share Transfer Agent

KFin Technologies Limited
Unit: ITC Hotels Limited
Selenium Building, Tower B,
Plot Nos. 31 & 32, Financial District,
Nanakramguda, Serilingampally
Rangareddi, Hyderabad 500 032, Telangana, India
Tel: 040-79611000 and 1800 309 4001 (toll free)
Email: compliance.corp@kfintech.com
Investor grievance email: einward.ris@kfintech.com
Website: www.kfintech.com
SEBI Registration No: INR000000221

Statutory Auditors

S.R. Batliboi & Co. LLP
67, Institutional Area, Sector 44
Gurugram 122 003, Haryana, India
Tel: 0124-681 6000
Email: sanjay.vij@srb.in
Peer review number: 017128
ICAI Firm Registration Number: 301003E/E300005

Change in Auditors

There has been no change in the Statutory Auditors of our Company since the date of incorporation till the date of this Information Memorandum.

Filing

A copy of this Information Memorandum has been submitted to NSE and BSE.

Listing

The NCLT, through its Sanction Order dated October 4, 2024 (certified copy of the order was received on December 16, 2024), has sanctioned the Scheme. In accordance with the Scheme, the Equity Shares of our Company (including the New Equity Shares issued pursuant to the Scheme) shall be listed and admitted to trading on the Stock Exchanges. Such admission and listing are not automatic and will be subject to fulfilment of the respective listing criteria of the Stock Exchanges by our Company and also subject to such other terms and conditions as may be prescribed by the Stock Exchanges at the time of the application made by our Company to the Stock Exchanges for seeking approval for listing.

For the purposes of listing of our Equity Shares pursuant to the Scheme, NSE is the Designated Stock Exchange.

Eligibility Criteria

There being no initial public offering or rights issue, the eligibility criteria prescribed under the SEBI ICDR Regulations are not applicable. However, SEBI vide its letter no. SEBI/HO/CFD/CFD-RAC-DCR1/P/OW/2025/2078/1 dated January 20, 2025, granted relaxation of Rule 19(2)(b) of the SCRR to our Company pursuant to an application made by our Company to SEBI under Rule 19(7) of the SCRR as per the SEBI Circular. Our Company has submitted this Information Memorandum, containing information about our Company, making disclosures in line with the disclosure requirement for public issues, as applicable, to NSE and BSE and the Information Memorandum shall be made available to public through the respective websites of the Stock Exchanges at www.nseindia.com and www.bseindia.com.

Information Memorandum has also been made available on our Company's website at www.itchotels.com. Our Company shall also publish an advertisement in the newspapers containing the details in terms of Part II (A)(5) of the SEBI Circular. The advertisement shall draw specific reference to the availability of the Information Memorandum on our Company's website.

General Disclaimer from the Company

The Company accepts no responsibility for statements made otherwise than in this Information Memorandum or in the advertisement to be published in terms of Part II (A)(5) of the SEBI Circular or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by the Company to the public at large and no selective or additional information would be available for a section of the investors in any manner.

CAPITAL STRUCTURE

Details of the share capital of our Company, as on the date of this Information Memorandum, are set forth below:

A. Equity Share Capital of our Company prior to the Scheme of Arrangement

	Particulars	Aggregate value (₹)
A	**AUTHORISED SHARE CAPITAL**	
	Equity Shares comprising:	
	2,50,00,00,000 Equity Shares (of face value of ₹ 1 each)	2,50,00,00,000
B	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**	
	83,00,00,000 Equity Shares (of face value of ₹ 1 each)	83,00,00,000
C	**SECURITIES PREMIUM**	Nil

B. Equity Share Capital of our Company post the Scheme of Arrangement

	Particulars	Aggregate value (₹)
A	**AUTHORISED SHARE CAPITAL**	
	Equity Shares comprising:	
	2,50,00,00,000 Equity Shares (of face value of ₹ 1 each)	2,50,00,00,000
B	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**	
	2,08,11,71,040 Equity Shares (of face value of ₹ 1 each)	2,08,11,71,040
C	**SECURITIES PREMIUM**	1,05,46,74,79,879

Notes to the Capital Structure

1. Share capital history of the Company

(a) **Equity Share Capital**

The history of Equity Share Capital of the Company is set forth below:

Sl. No.	Date of allotment of Equity Shares	Nature of allotment	Nature of consideration	Number of Equity Shares	Face value per Equity Share (in ₹)	Issue price per Equity Share (in ₹)	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (in ₹)	Name of allottees/ shareholders
1.	July 28, 2023	Subscription to the Memorandum of Association	Cash	83,00,00,000	1	1	83,00,00,000	83,00,00,000	ITC Limited (*6 Equity Shares held jointly with 6 individuals holding 1 Equity Share each with ITC Limited being the first shareholder).*
2.	January 11, 2025	Allotment pursuant to the Scheme of Arrangement	Other than cash (Transfer of the Demerged Undertaking)	1,25,11,71,040	1	N.A.	2,08,11,71,040	2,08,11,71,040	*Allotment was made to the shareholders of ITC Limited whose names appeared in the Register of Members of ITC Limited or in the Register of Beneficial Owners maintained by the Depositories as on the Record Date fixed for this purpose, pursuant to the Scheme of Arrangement.*

(b) **Preference Share Capital**

Our Company does not have any preference share capital as on date of this Information Memorandum.

2. **Shares issued pursuant to the Scheme of Arrangement approved under Sections 230 to 232 of the Companies Act, 2013**

The NCLT has approved the Scheme of Arrangement pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 on October 4, 2024. Pursuant to the Scheme, the Company has issued and allotted 1,25,11,71,040 Equity Shares of face value of ₹ 1 each to the shareholders of ITC Limited, as on the Record Date i.e. January 6, 2025.

3. **Offer of shares for consideration other than cash or out of revaluation reserves (excluding bonus issuance)**

a. The Company has not issued any Equity Shares out of its revaluation reserves since its incorporation.

b. Except as stated in paragraph 2 above, the Company has not issued any Equity Shares for consideration other than cash, as on the date of this Information Memorandum. The Company has not issued any bonus shares, as on the date of this Information Memorandum.

4. **Shareholding pattern of our Company**

(a) Shareholding pattern of our Company prior to allotment of Equity Shares under the Scheme of Arrangement is as under:

Category (I)	Category of shareholder (II)	Number of shareholders (III)	Number of fully paid-up equity shares held (IV)	Number of partly paid-up equity shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of shares held (VII) =(IV)+(V)+ (VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				Number of shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	Subcategorisation of shares (XV)		
								Number of Voting Rights			Total as a % of (A+B+C)			Number (a)	As a % of total Shares held (b)	Number (a)	As a % of total Shares held (b)		Shareholding (No. of shares) under		
								Class e.g.: Equity Shares	Class e.g.: Others	Total									Sub category (i)	Sub category (ii)	Sub category (iii)
(A)	Promoter and Promoter Group	1*	83,00,00,000	0	0	83,00,00,000	100.00	83,00,00,000	0	83,00,00,000	100.00	0	100.00	0	0.00	0	0.00	83,00,00,000	0	0	0
(B)	Public	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0	0	0
(C)	Non Promoter-Non Public	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0	0	0
(C1)	Shares underlying depository receipts	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0	0	0
(C2)	Shares held by employee trusts	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0	0	0
	Total (A+B+C)	**1**	**83,00,00,000**	**0**	**0**	**83,00,00,000**	**100.00**	**83,00,00,000**		**83,00,00,000**	**100.00**	**0**	**100.00**	**0**	**0.00**	**0**	**0.00**	**83,00,00,000**	**0**	**0**	**0**

Note: The above table includes the shareholding on a consolidated basis, as per the PAN details of the shareholders.
**6 Equity Shares are held jointly with 6 individuals holding 1 Equity Share each with ITC Limited being the first shareholder.*

(b) Shareholding pattern of the Company post allotment of Equity Shares under the Scheme of Arrangement is as under:

Category (I)	Category of shareholder (II)	Number of shareholders (III)	Number of fully paid-up equity shares held (IV)	Number of partly paid-up equity shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of shares held (VII) =(IV)+(V)+(VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX) — Number of Voting Rights* — Class e.g.: Equity Shares	Class e.g.: Others	Total	Total as a % of (A+B+C)	Number of shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares# (XII) — Number (a)	As a % of total Shares held (b)	Number of Shares pledged or otherwise encumbered (XIII) — Number (a)	As a % of total Shares held (b)	Number of equity shares held in dematerialized form (XIV)	Subcategorization of shares (XV) — Shareholding (No. of shares) under — Sub category (i)	Sub category (ii)	Sub category (iii)
(A)	Promoter and Promoter Group	1	83,00,00,000	0	0	83,00,00,000	39.88	83,00,00,000	0	83,00,00,000	39.88	0	39.88	83,00,00,000	100.00	0	0.00	83,00,00,000	0	0	0
(B)	Public$	25,96,731	1,25,11,71,040	0	0	1,25,11,71,040	60.12	1,25,11,71,040	0	1,25,11,71,040	60.12	0	60.12	0	0.00	0	0.00	1,25,11,71,040	0	0	0
(C)	Non Promoter-Non Public	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0	0	0
(C1)	Shares underlying depository receipts	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0	0	0
(C2)	Shares held by employee trusts	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0	0	0
	Total (A+B+C)	**25,96,732**	**2,08,11,71,040**	**0**	**0**	**2,08,11,71,040**	**100.00**	**2,08,11,71,040**	**0**	**2,08,11,71,040**	**100.00**	**0**	**100.00**	**830,000,000**	**39.88**	**0**	**0.00**	**2,08,11,71,040**	**0**	**0**	**0**

Note: The above table includes shareholding on a consolidated basis, as per the PAN details of the shareholders.

**Voting Rights includes 1,48,967 fully paid-up equity shares held in the Unclaimed Suspense Account, and 39,59,274 fully paid-up equity shares held by the Investor Education and Protection Fund (IEPF) Authority.*

#The shareholding of the Promoter (Pre-scheme capital) including 6 Equity Shares held jointly with 6 individuals holding 1 Equity Share each, with ITC Limited being the first shareholder, is locked-in as per the SEBI Circular.

$includes 3,46,822 shares allotted to GDR Depositary, as per the Scheme of Arrangement.

5. **Details of equity shareholding of the major shareholders of the Company:**

a) The list of shareholders of the Company (i) holding 1% or more of the paid-up equity share capital of the Company; and (ii) aggregating 80% of the equity share capital of the Company as on the date of the Information Memorandum:

Sl. No.	Name of the Shareholders	Number of Equity Shares (of face value of ₹ 1 each)	Percentage of the post-Scheme Equity Share Capital
1.	ITC Limited	83,00,00,000	39.88
2.	Tobacco Manufacturers (India) Limited	25,41,49,586	12.21
3.	Life Insurance Corporation of India	19,18,47,649	9.22
4.	Specified Undertaking of the Unit Trust of India	9,74,53,142	4.68
5.	Myddleton Investment Company Limited	4,86,31,194	2.34
6.	SBI Mutual Funds	4,05,76,158	1.95
7.	GQG Partners Emerging Markets Equity Fund	2,33,82,737	1.12
8.	ICICI Prudential Mutual Funds	2,29,81,063	1.11
9.	General Insurance Corporation of India	2,16,98,550	1.04
10.	The New India Assurance Company Limited	1,79,23,501	0.86
11.	NPS Trust	1,57,86,860	0.76
12.	Rothmans International Enterprises Limited	1,54,95,489	0.75
13.	Goldman Sachs GQG Partners International Opportunities Fund	1,51,92,301	0.73
14.	HDFC Mutual Funds	1,48,04,539	0.71
15.	UTI Mutual Funds	1,39,37,574	0.67
16.	Government of Singapore	1,17,31,148	0.56
17.	SBI Life Insurance Co. Ltd.	1,11,92,057	0.54
18.	Nippon Life India Mutual Funds	1,10,04,925	0.53
19.	Parag Parikh Mutual Funds	1,06,09,612	0.51
	Total	**1,66,83,98,085**	**80.17**

Note: The above table includes shareholding on a consolidated basis, as per the PAN details of the shareholders.

b) The list of shareholders holding 1% or more of the issued and paid-up Equity Share capital of our Company as on 10 days prior to the date of this Information Memorandum is given below:

Sl. No.	Name of the Shareholder	Number of Equity Shares (of face value of ₹ 1 each)	Percentage of the post-Scheme Equity Share capital on a fully diluted basis (%)
1.	ITC Limited*	83,00,00,000	39.88
2.	Tobacco Manufacturers (India) Limited	25,41,49,586	12.21
3.	Life Insurance Corporation of India	19,18,47,649	9.22
4.	Specified Undertaking of the Unit Trust of India	9,74,53,142	4.68
5.	Myddleton Investment Company Limited	4,86,31,194	2.34
6.	SBI Mutual Funds	4,05,76,158	1.95
7.	GQG Partners Emerging Markets Equity Fund	2,33,82,737	1.12
8.	ICICI Prudential Mutual Funds	2,29,81,063	1.11
9.	General Insurance Corporation of India	2,16,98,550	1.04

**Including 6 Equity Shares held jointly with 6 individuals holding 1 Equity Share each with ITC Limited being the first shareholder.*

c) The list of shareholders holding 1% or more of the issued and paid-up Equity Share capital of our Company as on one year prior to the date of this Information Memorandum is given below:

Sl. No.	Name of the Shareholder	Number of Equity Shares (of face value of ₹ 1 each)	Percentage of the pre- Scheme Equity Share capital on a fully diluted basis (%)
1.	ITC Limited	83,00,00,000*	100%

**Including 6 Equity Shares held jointly with 6 individuals holding 1 Equity Share each with ITC Limited being the first shareholder.*

d) The list of shareholders holding 1% or more of the issued and paid-up Equity Share capital of our Company as on two years prior to the date of this Information Memorandum:

Our Company was incorporated on July 28, 2023, hence, not applicable.

6. **History of the Equity Share Capital held by our Promoter**

As on the date of this Information Memorandum, our Promoter holds 83,00,00,000 Equity Shares of our Company, representing 39.88% of the issued, subscribed and paid-up Equity Share capital of our Company. The details regarding our Promoter's shareholding are set forth below.

a) Build-up of Promoter's equity shareholding in the Company

The build-up of equity shareholding of our Promoter since incorporation of the Company is set forth below:

Date of allotment / transfer	Nature of transaction	Number of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Issue price/ transfer price per Equity Share (₹)	Percentage of the pre-Scheme capital (%)	Percentage of the post-Scheme capital (%)
ITC Limited, Promoter							
July 28, 2023	Subscription to the Memorandum of Association	83,00,00,000*	Cash	1	1	100	39.88

**Including 6 Equity Shares held jointly with 6 individuals holding 1 Equity Share each with ITC Limited being first shareholder.*

All the Equity Shares held by our Promoter are fully paid-up. Further, as on the date of this Information Memorandum, none of the Equity Shares held by our Promoter have been pledged.

b) Shareholding of the Promoter and Promoter Group

The details of shareholding of the Promoter and members of the Promoter Group of the Company as on the date of this Information Memorandum are set forth below:

S. No.	Name of the shareholder	Pre- Scheme number of Equity Shares (of face value of ₹ 1 each)	Percentage of the pre- Scheme Equity Share capital (on a fully diluted basis) (%)	Post- Scheme number of Equity Shares (of face value of ₹ 1 each)	Percentage of the post-Scheme Equity Share capital (%)
Promoter					
1	ITC Limited	83,00,00,000*	100.00	83,00,00,000	39.88
Total		**83,00,00,000**	**100.00**	**83,00,00,000**	**39.88**

**Including 6 Equity Shares held jointly with 6 individuals holding 1 Equity Share each with ITC Limited being first shareholder.*

As on date of this Information Memorandum, none of the members of the Promoter Group hold any Equity Shares.

c) Shareholding of the Directors of our Promoter

By virtue of their shareholding in ITC Limited as on the Record Date, the following directors of our Promoter have been allotted Equity Shares in terms of the share entitlement ratio pursuant to the Scheme:

S. No.	Name of Director of Promoter	Number of Equity Shares
1.	Mr. Anand Nayak	1,36,245
2.	Mr. Supratim Dutta	86,818
3.	Mr. Sumant Bhargavan	85,470
4.	Mr. Sanjiv Puri	40,284
5.	Mr. Hemant Malik	49,158
6.	Mr. Shyamal Mukherjee	2,100
7.	Ms. Alka Marezban Bharucha	2,027
8.	Mr. Atul Singh	127

7. **Details of Equity Shares held by our Directors, Key Managerial Personnel and Senior Management**

By virtue of their shareholding in ITC Limited as on the Record Date, the following Directors, Key Managerial Personnel and Senior Management have been allotted Equity Shares in terms of the share entitlement ratio pursuant to the Scheme:

S. No.	Name	Category (Director or Key Managerial Personnel or Senior Management)	Number of Equity Shares
1.	Mr. Sanjiv Puri	Director	40,284
2.	Mr. Kamal Bali	Director	10
3.	Mr. Anil Chadha	Director and Key Managerial Personnel	8,565
4.	Mr. Supratim Dutta	Director	86,818
5.	Mr. Tablesh Pandey	Director	8
6.	Mr. Rajendra Kumar Singhi	Director	42,695
7.	Mr. Ashish Thakar	Key Managerial Personnel	8,256
8.	Mr. Diwaker Dinesh	Key Managerial Personnel	1
9.	Mr. Vidyaprakash Prabhakaran Menon	Senior Management	30,046
10.	Mr. Hebbagilu Chandrashekara Vinayaka	Senior Management	15,249
11.	Mr. Mohit Aggarwal	Senior Management	9,977
12.	Mr. Atul Bhalla	Senior Management	4,191
13.	Mr. Zubin Sarosh Songadwala	Senior Management	2,216
14.	Mr. Arif Musa Patel	Senior Management	1,635
15.	Mr. Bhaskar Malla Bujor Baruah	Senior Management	450
	Total		**2,50,401**

As on the date of this Information Memorandum, none of our Directors, Key Managerial Personnel and Senior Management have been granted any Stock Options under the Special Purpose ESOP Scheme of our Company. However, pursuant to the Scheme of Arrangement, they will be granted stock options by our Company under the Special Purpose ESOP Scheme in respect of the outstanding stock options of ITC Limited held by them.

8. Details of acquisition of Equity Shares by the Promoter Group through secondary transactions: Not Applicable.

9. Except for the Equity Shares allotted under the Scheme, the Promoter Group, the Directors of Promoter Group or the Directors of the Company and their relatives have not purchased or sold any Equity Share of

the Company, during the period of six months immediately preceding the date of this Information Memorandum.

10. Except for allotment of Equity Shares upon exercise of Stock Options to be granted in terms of the Special Purpose ESOP Scheme pursuant to the Scheme of Arrangement, the Company presently does not intend or propose to alter its capital structure for a period of six months from the date of this Information Memorandum, in any manner whatsoever. However, for meeting growth capital requirements of the Company and/or its Subsidiaries/Joint Venture company or for acquisitions, joint ventures and other arrangements, the Company may, subject to necessary approvals, raise capital by further issue of Equity Shares and/or other securities through any mode available under the applicable laws.

11. There will be no further issue of Equity Shares of the Company, whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of filing of the Information Memorandum with the SEBI until the Equity Shares of the Company have been listed on the Stock Exchanges.

12. As on the date of this Information Memorandum, the total number of Shareholders of our Company is 25,96,732 (consolidated as per the PAN details of the shareholders).

13. The issuance of Equity Shares by the Company since incorporation until the date of this Information Memorandum has been undertaken in accordance with the provisions of the Companies Act, 2013 as applicable.

14. As on the date of this Information Memorandum, all Equity Shares held by our Promoter are held in dematerialised form.

15. There have been no financing arrangements whereby our Promoters, Directors of our Promoter or our Directors and their relatives have financed the purchase by any other person of Equity Shares of our Company during a period of six months immediately preceding the date of this Information Memorandum. Our Company and any of our Directors have not entered into any buy-back arrangements for purchase of Equity Shares of our Company from any person.

16. The Equity Shares issued pursuant to the Scheme of Arrangement are fully paid-up at the time of allotment and the Company does not have any partly paid-up Equity Shares as on the date of this Information Memorandum.

17. No lead manager has been appointed in connection with listing of the Equity Shares of our Company. Therefore, the requirement to disclose the shareholding of the lead manager and their respective associates in our Company is not applicable.

18. The Company has only one denomination of Equity Shares.

19. The Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

20. As on the date of this Information Memorandum, except for Stock Options that will be granted by the Company under the Special Purpose ESOP Scheme to be formulated pursuant to the Scheme of Arrangement, there are no outstanding warrants or convertible securities, including any outstanding warrant or right to convert debentures, loans, or other instruments into Equity Shares.

21. **ESOP Scheme**

Pursuant to the Scheme, a Special Purpose ESOP Scheme will be formulated by the Company, wherein eligible employees to whom Stock Options have been granted by ITC Limited as on the Record Date shall be granted 1 (one) Stock Option of the Company for every 10 (ten) Stock Options held in ITC Limited.

Upon receiving necessary approval from the Stock Exchanges for grant of options under the Special Purpose ESOP Scheme, our Company will grant Stock Options to the eligible employees under the aforesaid Special Purpose ESOP Scheme. As on date, there are no outstanding Stock Options granted under the Special Purpose ESOP Scheme.

STATEMENT OF TAX BENEFITS

STATEMENT OF SPECIAL TAX BENEFITS (Under Direct and Indirect tax laws) AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

To
The Board of Directors
ITC Hotels Limited
Virginia House
37 Jawaharlal Nehru
Road Kolkata-700071

Dear Sirs,

Statement of Special Tax Benefits available to ITC Hotels Limited, and its shareholders (the "Statement") under the Indian tax laws

1. We hereby confirm that the enclosed Annexures 1 & 2 (the "Annexures"), prepared by ITC Hotels Limited ('the Company'), provides the special tax benefits available to the Company and to the shareholders, under the Income-tax Act, 1961 ('the Act') as amended by the Finance (No. 2) Act 2024 read with Income tax Rules, 1962, i.e. applicable for the Financial Year 2024-25 relevant to the assessment year 2025-26, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the applicable State Goods and Services Tax Act, 2017 ("GST Act"), the applicable State incentive policies, the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act") as amended by the Finance (No. 2) Act 2024, i.e., applicable for the Financial Year 2024-25 relevant to the assessment year 2025-26 and Foreign Trade Policy 2023, presently in force in India. This Statement has been issued at the request of the management and is intended solely for the purpose of inclusion in the Draft Information Memorandum and Information Memorandum to be submitted by the Company in connection with the proposed listing of shares of the Company subsequent to approval of Scheme of Arrangement (the "Scheme") by the National Company Law Tribunal (NCLT) vide its order dated October 4, 2024.

2. Several of these benefits are dependent on the Company, or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company, and /or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company, or its shareholders may or may not choose to fulfil.

3. The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that these Annexures are only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of the Scheme particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

4. We do not express any opinion or provide any assurance as to whether:
   i) the Company or its shareholders will continue to obtain these benefits in future;
   ii) the conditions prescribed for availing the benefits have been / would be met with; and
   iii) the revenue authorities/courts will concur with the views expressed herein.

5. The contents of the enclosed Annexures are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

6. This Statement is addressed to and provided to the Board of Directors of the Company at specific request of the Company, solely for the purpose given in paragraph 1 above and is not to be used, referred to or distributed 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 Statement is shown or into whose hands it may come. Any subsequent amendment/ modification to provisions of the applicable laws may have an impact on the views contained in the Statement. We do not assume responsibility to update the views consequent to such changes subsequent to our report date.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Sd/-

per Sanjay Vij
Partner
Membership Number: 095169
UDIN: 25095169BMLOAS4302
Place of Signature: Gurugram
Date: January 10, 2025

ANNEXURE 1 TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO ITC HOTELS LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

UNDER THE INCOME-TAX ACT, 1961 (hereinafter referred to as "the Act") as amended by the Finance (No. 2) Act 2024 read with the Income-tax Rules, 1962, i.e. applicable for the Financial Year 2024-25 relevant to the Assessment Year 2025-26 (together, the Direct Tax Laws).

1. **SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE ACT**
   There are no special tax benefits available to the Company under the Act.

2. **SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS UNDER THE ACT**
   There are no special tax benefits available to the shareholders of the Company.

Notes:

1. The above Annexure of special tax benefits sets out the provisions of Direct Tax Laws in a summary manner only and is not a complete analysis or listing of all potential tax consequences.

2. The above Annexure of special tax benefits is as per the current Direct Tax Laws relevant for the Assessment Year 2025-26. These benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws.

3. The above Annexure covers only the special tax benefits under the Direct Tax Laws and does not cover any benefit under any other law in force.

4. Benefit of lower rate of tax under Section 115BAA of the Act and corresponding exemption from applicability of Minimum Alternate tax ('MAT') provisions under section 115JB of the Act:

   As per The Taxation Law (Amendment) Act, 2019 No.46 of 2019, a new section 115BAA was introduced in the Act which provides for an option to domestic companies to opt for reduced rate of corporate taxes subject to certain conditions specified therein. The said section provides that, with effect from financial year 2019- 20, all domestic companies shall have an option to pay income tax at the rate of 22% (plus 10% surcharge and 4% cess), subject to the condition that they will not avail specified tax exemptions or incentives and other conditions as specified in sub-clause 2 of section 115BAA of the Act. Proviso to section 115BAA(4) of the Act provides that once the Company opts for paying pay tax as per section 115BAA of the Act, such option cannot be subsequently withdrawn for the same or any other previous year.

   The Company has opted for lower tax rate under section 115BAA of the Act from the Assessment Year 2024-25. Lower corporate tax rate under Section 115BAA of the Act is available in general and hence may not be treated as a special tax benefit to the Company.

5. The Company is entitled to claim depreciation on specified tangible and intangible assets owned by it and used for the purpose of its business as per provisions of Section 32 of the Act. The depreciation rates in respect of motor cars, plant and machinery and office equipment is 15%, furniture & fittings and electrical equipment is 10%, intangible assets is 25% (does not include goodwill of business or profession), computers is 40%, buildings (residential) is 5% and buildings (others) is 10%. Allowance for depreciation is available in general and hence may not be treated as a special tax benefit to the Company.

Further, the Company shall not be entitled for the additional depreciation under section 32(1)(iia) as it has opted for the benefit of lower rate of tax under section 115BAA of the Act.

6. With regard to block of assets received pursuant to demerger, as per Explanation 2B to Section 43(6) of the Act, the written down value of the block of assets in the case of the resulting company (i.e. 'the Company') shall be the written down value of the transferred assets of the demerged company (i.e. ITC Limited – 'ITC') immediately before the demerger.

7. Dividend income earned by the shareholders of the Company would be taxable in their hands at the applicable rates. However, in case of domestic corporate shareholders, deduction under Section 80M of the Act would also be available on fulfilling applicable conditions. Further, in case of shareholders who are individuals, hindu undivided family, association of persons, body of individuals, whether incorporated or not and every artificial juridical person, maximum surcharge on the tax on dividend income would be restricted to 15%, irrespective of the amount of dividend income. Such deduction u/s 80M of the Act and the cap on surcharge are available in general and hence may not be treated as a special tax benefit to the Company.

8. Subject to fulfilment of prescribed conditions, the Company is entitled to claim deduction under the provisions of Section 80JJAA of the Act, of an amount equal to 30% of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. The deduction u/s 80JJAA of the Act shall be applicable even if the company opts for concessional rate of tax u/s 115BAA of the Act.

9. Section 112A of the Act provides for concessional tax rate of 12.5% (plus applicable surcharge and cess) on long-term capital gains (exceeding Rs. 1,25,000) arising from the transfer of equity shares of the Company if Security Transaction Tax ('STT') has been paid on acquisition and transfer of equity shares and subject to fulfilment of other prescribed conditions (including Notification No. 60/2018/F.No.370142/9/2017-TPL dated 1 October 2018). However, the benefit of foreign currency exchange difference and indexation, as provided under the first and second proviso to section 48 of the Act, may not be applicable for computing long-term capital gains taxable under section 112A of the Act. The provisions of section 112A of the Act shall be applicable once the shares of the Company are listed on the Indian stock exchanges. In addition, maximum surcharge on the tax on such long-term capital gains would be restricted to 15%. These lower tax provisions are available in general and hence may not be treated as a special tax benefit to the Company.

10. As per the provisions of section 111A of the Act, short-term capital gains arising from transfer of equity shares in the Company which is chargeable to STT and subject to fulfilment of other prescribed conditions (including Notification No. 60/2018/F.No.370142/9/2017-TPL dated 1 October 2018) shall be taxable at a concessional rate of 20% (plus applicable surcharge and cess, if any). The provisions of section 111A of the Act shall be applicable once the shares of the Company are listed on the Indian stock exchanges. In addition, maximum surcharge on the tax on such short-term capital gains would be restricted to 15%. These lower tax provisions are available in general and hence may not be treated as a special tax benefit to the Company.

11. As per section 47(vid) of the Act, any transfer or issue of shares by the Company, in the scheme of demerger to the shareholders of ITC in consideration for demerger of the Demerged Undertaking

shall not be subject to any capital gains tax under the Act.

Subject to satisfaction of prescribed underlying conditions (as provided under Section 2(19AA) of the Act) in context of ongoing demerger, there may not be any income tax implications in hands of the Company or corresponding implications in the hands of its shareholders under section 56(2)(x) of the Act.

12. As per the provisions of section 49(2C) of the Act, cost of acquisition of shares of the Company is to be computed by applying the proportion of net book value of the assets of ITC transferred in the demerger to the net worth of ITC immediately before the Demerger, to the cost of acquisition of the original shares held by the shareholders in ITC.

13. As per the provisions of section 2(42A)(g) of the Act, the period for which the shares of ITC were held by the shareholders shall be included to determine the period of holding of the shares of the Company.

14. Depending upon the nature of assessee (Resident or Non resident) and classification of income and / or exemption status, relevant provisions of withholding tax as laid down under the Act will be applicable. In respect of non-resident shareholders of the Company, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement, if any, entered into between India and the country in which the non-resident shareholder(s) has fiscal domicile.

15. The above Annexure covers only certain relevant benefits under the Direct Tax Laws and does not cover any tax benefit under any other law.

16. The above Annexure is based upon the provisions of the specified Direct Tax Laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.

17. The above Annexure is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

18. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes in provisions of law and its interpretations.

For and on **behalf of ITC Hotels Limited**

Sd/-

Ashish Thakar
Chief Financial Officer
Place: Gurugram
Date: January 10, 2025

ANNEXURE 2 TO THE STATEMENT OF TAX BENEFITS AVAILABLE TO ITC HOTELS LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

The Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 and applicable State Goods and Services Tax Act, 2017 ("GST Act"), the applicable State incentive policies, the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act") as amended from time to time, and Foreign Trade Policy 2023 ("FTP") (together, the Indirect Tax Laws)

1. **SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY**

   There are no special indirect tax benefits available to the Company under the Indirect Tax Laws.

2. **SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS**

   There are no special indirect tax benefits available in the hands of the shareholders for investing in the shares of the Company under the Indirect Tax Laws.

Notes:

1. The above Annexure is based on our understanding of the specific activities carried out by the Company which is relevant for Financial Year 2024-25.

2. The above Annexure is based upon the provisions of the specified Indirect Tax Laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.

3. The Company may be eligible for the following exemptions/benefits upon the Scheme becoming effective:

   - Zero-rated export of goods or services in terms of Section 16 of Integrated Goods and Service Tax ('IGST') Act, 2017.

   - Fiscal and non-fiscal incentives as available under various State incentive policies.

   - Imports from countries with which India has a preferential / free trade agreement, exemption from payment of duty *I* benefit of reduced duty of customs is available subject to fulfilment of prescribed conditions.

   - Exemption from payment of custom duty, additional duty, safe-guarding duty and anti-dumping duty, integrated goods and services tax and compensation cess on import of Capital Goods against Export Promotion Capital Goods ('EPCG') license in terms of Foreign Trade Policy 2023.

   - Exemption from duty of customs (specified in First Schedule to Customs Tariff Act) in terms of Notification 50/2017- Customs dated June 30, 2017, (and as amended from time to time) as is in excess of the amount calculated at the standard rate specified in the Notification and from so much of integrated tax leviable thereon under Section 3(7) of the said Customs Tariff Act, in excess of the rate specified in the Notification, subject to fulfilment of prescribed conditions.

   The above exemptions/benefits are available in general and hence may not be treated as special tax benefits to the Company.

4. The above Annexure covers only certain relevant benefits under the Indirect Tax Laws and does not cover any tax benefit under any other law.

5. The above Annexure is based upon the provisions of the specified Indirect Tax Laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.

6. The above Annexure is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

7. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

For and on **behalf of ITC Hotels Limited**

Sd/-

Ashish Thakar
Chief Financial Officer
Place: Gurugram
Date: January 10, 2025

STATEMENT OF TAX BENEFITS

To
The Board of Directors
ITC Hotels Limited
Virginia House
37 Jawaharlal Nehru Road
Kolkata-700071

Dear Sirs,

Sub: Statement of Special Tax benefits (the "Statement") available to WelcomHotels Lanka (Private) Limited, a Material Subsidiary of ITC Hotels Limited (the "Company") under the Tax Laws

1. We hereby confirm that the enclosed Annexures 1 & 2 (the "Annexures") to the Statement, prepared by the Company, provides the Special Tax benefits available to its material subsidiary upon the Scheme becoming effective, under the relevant tax laws of the Government of Sri Lanka (hereinafter referred to collectively as the "Tax Laws"). This Statement has been issued at the request of the management and is intended solely for the purpose of inclusion in the Draft Information Memorandum and in the Information Memorandum to be submitted by the Company in connection with the proposed listing of shares of the Company subsequent to approval of Scheme of Arrangement (the "Scheme") by the National Company Law Tribunal (NCLT) vide its order dated October 4, 2024.

2. Several of these benefits are dependent on the material subsidiary fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the material subsidiary to derive the tax benefits is dependent upon their fulfilling such conditions which the material subsidiary may or may not, based on business imperatives that they may face in the future, be able to fulfill or choose to fulfil.

3. The benefits discussed in the Annexures are not exhaustive and the preparation of the contents stated in the Annexures is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing Tax Laws, each investor is advised to consult his or her tax consultant with respect to the specific tax implications arising out of the Scheme particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

4. The contents of the Annexures are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

5. We do not express any opinion or provide any assurance as to whether:
   - the Company, its shareholders and/or its material subsidiaries will obtain/continue to obtain these tax benefits in future; or
   - the conditions prescribed for availing the tax benefits as per the Annexures have been/would be met with; and
   - the Revenue Authorities/Courts will concur with the views expressed herein.

6. This Statement is addressed to and provided to the Board of Directors of the Company at specific request of the Company, solely for the purpose given in paragraph **1** above and is not to be used, referred to or distributed 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 Statement is shown or into whose hands it may come. Any subsequent amendment/modification to provisions of the applicable laws may have an impact on the views contained in the Statement. We do not assume responsibility to update the views consequent to such changes subsequent to our report date.

Sd/-

Deloitte Associates
Chartered Accountants
Colombo

9 January 2025

ANNEXURE 1 TO THE STATEMENT OF SPECIAL TAX BENEFITS UNDER THE APPLICABLE DIRECT TAX LAWS OF SRI LANKA AVAILABLE TO WELCOMHOTELS LANKA (PRIVATE) LIMITED, MATERIAL SUBSIDARY OF ITC HOTELS LIMITED (THE "COMPANY")

The Company's wholly owned subsidiary WelcomHotels Lanka (Private) Limited in Sri Lanka ('WLPL'), had entered into a Project Agreement with the Board of Investment of Sri Lanka on 04th May 2012. Thereafter, the mixed-use project of WLPL has been duly declared a Strategic Development Project by the Government of Sri Lanka under the Strategic Development Projects Act, 2008.

(i) In view of the above, the provisions of the Inland Revenue Act of Sri Lanka ('IRA') relating to the imposition of income tax on the WLPL on the profit and income from the mixed-use project shall not apply for a period of 10 years (tax exemption period). The tax exemption period shall commence from the first year in which WLPL makes taxable profits or three years after commencement of its commercial operations, whichever falls first. After the expiration of the aforesaid tax exemption period, the profits and income of WLPL shall be charged at a concessionary tax rate which shall be the lower of 6% or 50% of the prevailing tax rate for the hotel industry in Sri Lanka, for a period of 15 years (tax concessionary period) immediately succeeding the last date of the tax exemption period.

(ii) The tax on dividends distributed to shareholders out of profits shall be exempted from income tax during the said tax exemption period and one year thereafter.

(iii) The recipient shall be fully exempt from the charge of income tax in Sri Lanka under any provisions of the IRA and WLPL is exempt from the payment of withholding tax on the following:
(a) interest on foreign loans taken for capital expenditure;
(b) technical fees to consultants;
(c) management fees up to 3% on gross revenue;
(d) royalty fees up to 1.5% on gross revenue;
(e) marketing fees up to 1.5% on gross revenue;
(f) incentive management fees up to 10% on gross operating profit; and
(g) charges towards reservations made through the Central Reservation System of the Company/other service providers of WLPL.

(iv) In addition to the above, WLPL shall be fully exempt from the charge of Capital Gains Tax under IRA during the tax exemption period and the tax concessionary period.

(v) The expatriate staff of WLPL shall be exempted from the charge and payment of income tax on salary subject to a restriction that this concession shall apply subject to the maximum number of 20 employees at any point of time. This concession shall be applicable for a period of five years from the date of commencement of commercial operations by WLPL.

Notes:

1. The above Annexure of special tax benefits sets out the provisions of Direct Tax Laws in a summary manner only and is not a complete analysis or listing of all potential tax consequences.

2. The above Annexure of special tax benefits is as per the current Direct Tax Laws relevant for WelcomHotels Lanka (Private) Limited. These benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws.

3. The above Annexure covers only the special tax benefits under the Direct Tax Laws and does not cover any benefit under any other law in force.

4. This Statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax

consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

5. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes in provisions of law and its interpretations.

For and on **behalf of ITC Hotels Limited**

Sd/-

Ashish Thakar
Chief Financial Officer
Place: Gurugram
Date: January 9, 2025

ANNEXURE 2 TO THE STATEMENT OF TAX BENEFITS UNDER THE APPLICABLE INDIRECT TAX LAWS OF SRI LANKA AVAILABLE TO WELCOMHOTELS LANKA (PRIVATE) LIMITED, MATERIAL SUBSIDARY OF ITC HOTELS LIMITED (THE COMPANY)

There are no special indirect tax benefits under the Indirect Tax Laws of Sri Lanka available to WelcomHotels Lanka (Private) Limited.

Notes:

1. This Annexure is based on our understanding of the specific activities carried out by WelcomHotels Lanka (Private) Limited.

2. This Annexure is based upon the provisions of the specified Indirect Tax Laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.

3. This Statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

4. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

For and on **behalf of ITC Hotels Limited**

Sd/-

Ashish Thakar
Chief Financial Officer
Place: Gurugram
Date: January 9, 2025

SECTION V – ABOUT US

INDUSTRY OVERVIEW

Unless otherwise indicated, industry and market data used in this section has been derived from the report titled "Industry Report – India Hotel Sector" and "Industry Report – Sri Lanka Hotel Sector" released by Crowe Horwath HTL Consultants Private Limited (collectively, the "Horwath HTL Reports"). The Company has commissioned and paid for the Horwath HTL Reports for the purposes of confirming our understanding of the industry specifically for the purpose of the listing of the Equity Shares, as no report is publicly available which provides a comprehensive industry analysis, particularly for our Company's services, that may be similar to the Horwath HTL Reports. Unless otherwise indicated, all financial, operational, industry and other related information derived from the Horwath HTL Reports and included herein with respect to any particular year, refers to such information for the relevant fiscal year. Unless otherwise indicated, all references to years in this section are to calendar years.

INDUSTRY REPORT – INDIA HOTEL SECTOR

1 Overview of Key Market Characteristics

1.1 Hotel Supply in India[1]

a. **Chain Affiliated Supply:** India has 195k chain affiliated hotel rooms, across segments, as at 30 September 2024. The sector also has a robust supply pipeline, estimated at 95k rooms opening by FY29. Supply at independent hotels is widely fragmented and substantially of midscale and lower positioning; it is not considered for this report.

b. **Supply Segmentation:** As at end FY2001, supply was heavily weighted in the Luxury and Upper Upscale segments (together 56% supply share). Supply composition has evolved materially over the years resulting in greater depth and balance across segments – current supply is comprised as 16%, 40% and 44% in the Luxury, Upper Upscale & Upscale, and Upper Midscale & Midscale-Economy segments respectively.

c. **Supply Ownership:** Hotel ownership patterns have shifted over the last 20 years. Hotel chain and chain-led ownership of hotel rooms has dropped sharply from 71% (FY01) to 25% (YTD Sep-24), with ownership materially led by private sector developers / institutional investors. Ownership concentration is also limited. In case of luxury hotels, chain owned inventory is 44% of total luxury rooms inventory. Among the chain owned luxury supply, IHCL, ITC Hotels Ltd ("ITC"), EIH and Leela Hotels have 44%, 33%[2], 9.8% and 7.6% supply share.

d. **Supply Spread:** Geographic spread of hotels continues to widen. Supply share at Key Markets (Mumbai, Delhi NCR, Bengaluru, Chennai, Hyderabad, Kolkata, Pune, Ahmedabad, Goa and Jaipur) declined from 69% at FY15 to 58% at YTD Sep24, and is expected at 50% by FY29. 66% of new supply between October 24 and end FY29 is outside the Key Markets.

e. **Supply Share – domestic and international chains:** Supply share of international chains has risen from 21% in FY01 to 45-48% for the last ten years; it is expected to remain at 46% at end FY29.

f. **Domestic Chains - Asset Light Approach:** Several domestic chains have traditionally been asset owners, and are now actively transitioning to an asset light approach which has enabled portfolio expansion. Consequently, the share of rooms under management contract among inventory of domestic chains has increased from 12% in FY01 to 55% at YTD Sep-24. Importantly, 54%[3] of the aggregate rooms inventory under leading chains such as IHCL, EIH, ITC, Leela, The Park Hotels and LTH are owned by these chains – this ownership has provided substantial advantage to these chains in terms of strong earnings in the last about three years (and for the foreseeable future), and significant valuation gains.

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[1] *Source: Horwath HTL India*
[2] *Includes hotel owned by ITC Limited*
[3] *Includes hotel owned by ITC Limited*

g. **Under-penetration:** With only 195k chain affiliated hotel rooms across segments as of 30 September 2024, the sector is underpenetrated compared to several developed global markets, in terms of ratio of rooms to population. Total hotel keys penetration basis population as of 31 December 2023 is at 0.3 keys per 1,000 people in India, compared to 22.1 / 10 / 2.7 / 2.2 keys per 1,000 people in the USA / UK / China / globally.

1.2 Hotel Demand

a. **Chain Affiliated Hotel Demand:** Demand for chain affiliated hotels grew at 9.9% CAGR between FY01 and FY24 while supply during this period grew at 9.4%. Demand grew from 26k rooms per day for FY08 to 61k rooms per day for FY15 and to, 90k rooms per day for FY20. Demand has further grown rapidly to 116k rooms per day for FY24, in spite of FTA not fully recovering to pre-Covid levels. Demand is expected to increase to 192k rooms per day by FY29.

b. **FTA and Domestic Visits:** Domestic travel visits aggregated 2.3 bn for CY 2019; post Covid recovery was sharp with 1.73 bn visits for CY 2022 (subsequent data not available)[4]. FTA was above 10 mn for CY2017-19 and, post Covid, has recovered to 9.2 mn for CY23. FTA for Jan-Aug 24 at 6.2 mn is up by 6.5% over Jan-Aug 23. (the latter also has sizeable G20 travel)[5].

   HAI estimates FTA to cross 30 mn by CY 2037 and 100 mn by 2047, besides 15 bn domestic visits by 2047. The expected FTA and domestic visits by 2047, compared to CY19, reflect CAGR of 8.2% and 6.9% respectively. A Bookings.com and McKinsey study estimates around 5 bn domestic visits by CY 2030. Hotel supply will need very material growth to facilitate and serve the projected demand growth. Increased FTA will strengthen hotel ADRs, particularly for the upper-tier hotels.[6]

c. Demand growth aforesaid, and ADR growth by 32% between CY2019 and CY2023, reflect a strong positive re-set of the platform for India's hospitality industry, and its resilience and recovery appetite when Covid pandemic travel restrictions were loosened and then dropped.

d. **Corporate travel spends** (airlines, hotels and others) were estimated at US$10.6 billion in 2023 and is expected to rise to US$ 20.8 billion by 2030, at 10% CAGR. 34% of the spend in 2023 was for hotels. Major demand sectors were IT Services (29%), BFSI (19%), Engineering (9%), and Aviation, Oil & Gas and Pharma each at 5%. While Delhi, Mumbai, Bengaluru Chennai and Hyderabad are top visited domestic destinations, the top emerging domestic destinations comprise Ahmedabad, Vadodara, Lucknow, Bhubaneshwar, Kolkata and Vizag. ITC has hotels in all these destinations.

e. **Large and expanding Indian diaspora** tends to return to India atleast once a year, often more frequently. These visits have increasingly tended to generate hotel demand, through family vacations, reunions at leisure destinations and additional F&B, spa and other spends. Further, the Indian diaspora tends to conduct and celebrate their weddings in India; often, generating material spending per event.

f. Positive factors such as GDP growth, expanding airport and road infrastructure enhancement, increased domestic travel and domestic spend propensity, substantial headroom for FTA growth, and hotel supply-side growth and diversification are expected to enable sustained demand levels and demand growth in the near and medium term, estimated at 10.5% CAGR between FY24 and FY29.

1.3 Travel and Tourism – Value Generation

a. India's Ministry of Tourism has set an ambitious target to make India a $3 trillion tourism economy by 2047.[7]

b. **Travel and Tourism Contribution to GDP:**

   Per WTTC, the travel and tourism sector's contribution to India's economy was just over ₹19.13 trillion for CY 2023 and is estimated at ₹21.1 trillion for CY 2024. It is projected to increase to ₹43.25 trillion by

4 *Source: Ministry of Tourism, Govt. of India estimates*
5 *Source: Ministry of Tourism, Govt. of India*
6 *Source: Vision 2047 – Indian Hotel Industry, Hotel Association of India and How India Travels 2023, Bookings.com and McKinsey Report*
7 *Announcement by Ministry of Tourism on World Tourism Day 2024*

2034, growing at 7.4% CAGR from CY 2024 to CY 2034. This growth is higher than CAGR of 3.7% over the same period (CY2024 to CY 2034) for the global travel and tourism sector's contribution to the global economy.

HAI estimates the Indian hotel sector GDP contribution at USD40 billion, USD68 billion and USD one trillion in calendar years 2022, 2027 and 2047 respectively, with significant multiplier benefit. The sector creates assets, employment, foreign exchange earnings and tax revenues.

c. **Domestic Visitor Spending:** Per WTTC, domestic visitor spending in India of ₹14.6 trillion in 2023, is 15% higher than for 2019. Domestic visitor spending is forecast to increase to ₹16 trillion in 2024, and estimated to increase to ₹33.9 trillion by CY 2034, growing at 7.8% CAGR between CY 2024 and CY 2034. Given the strength of domestic tourism in India in the post-Covid period, the increased domestic spends can be expected to boost the sector.

d. Per a separate study by McKinsey & Co, India was the world's sixth-largest domestic travel market by spending in 2023. The study projects spending growth upto 2030 at 9% per annum which will, in turn, enable India to become the world's fourth-largest domestic travel market by spending by 2030, moving ahead of Japan and Mexico.[8]

e. **Sector Employment:** Per WTTC, the travel & tourism sector employment is expected to employ 45.4 million people in 2024, up by 5.6% from 43 million people employed by the sector in 2023.

In effect, the hotel sector alone has employed over 9% of India's employed workforce in 2024. Sector employment numbers are forecast to increase to 63 million in 2034.[9]

1.4 Future Demand Drivers

a. Tourism and travel growth is expected to drive demand through diverse domestic and inbound travel needs – for business, leisure, MICE, weddings, social events, sports, pilgrimages and other personal travels, and from political and business delegations and airline crew.

b. Travel will be necessitated and supported by a positively growing economy, improved travel infrastructure (airports, roads, rail, cruises), new convention centres, and demand for international and national sport and entertainment sector events.

c. Continued urbanisation, changing demographics and lifestyles, with greater search for experiential travel elements and willingness to spend on entertainment, recreation, wellness and lifestyle will drive discretionary travel and spends.

d. Increase in affluent population will also drive increase in demand for luxury goods and experiences, including luxury hotels.

The drive to expand India's GDP from $3.57 trillion GDP to $6 trillion GDP by 2030, will strongly push and support travel and the hotel sector.

1.5 Demographics

Relevant demographic changes, creating demand potential for different hotel services, include – (a) increased urbanisation - per a United Nations study, India is projected to add 416 million urban dwellers by CY 2050[10]; (b) growing middle class, estimated at 432 mn in FY21, 715 mn in FY31 and 1,015 mn by FY47[11]; (c) younger population, estimated at 371 mn in CY21 (27.2% of total population)[12] with the youth-bulge lasting till CY 2055, with willingness to spend on entertainment, recreation, lifestyle, and experiences.

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8 *Source: The state of tourism and hospitality 2024 report by McKinsey & Company*

9 *Source: World Travel & Tourism Council Economic Impact Research 2024*

10 *Source: UN World Urbanization Prospect Report*

11 *Source: The Rise of India's Middle-class Report - PRICE*

12 *Source: Youth in India Report 2022, MoSPI*

A report by Booking.com and McKinsey projects domestic spend on tourism to rise by 170% from $150 bn in CY 2019 to $410 bn in CY 2030, gaining from growing household earnings and a median age of 27.6 years.

1.6 Other Key Attributes

India's hotel sector include (a) lack of scale at individual hotels, providing material long-term value to hotels with larger established inventory; (b) inherent strength of the range of cuisines in India, which attract demand and drive revenues; (c) strong linkages between expansion of airport infrastructure and growth of cities, micro-markets and new destinations; (d) demand emergence and push from sports, convention centres, entertainment and performing arts events; (e) widening private sector investment in the hospitality sector, including provision for 100% FDI under the automatic route; (f) rising land costs continuing to pose significant barriers to entry.

2 India Overview

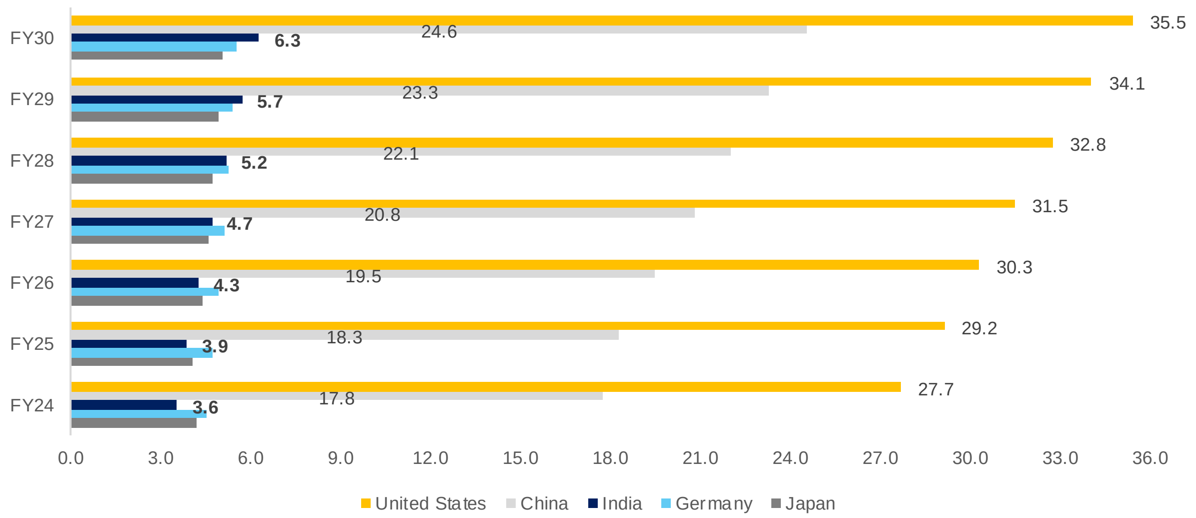
India is among the fastest-growing major economies globally, gaining from rapid urbanization, increased consumption and spending by a growing middle-income segment population, and a large component of young population.

2.1 India: Among the fastest growing economies in the world

In FY24 India continued to be the fifth largest global economy with estimated Nominal Gross Domestic Product (GDP) of INR 295.4 trillion[13] (US$ 3.57 trillion[14]) at current prices and Real Gross Domestic Product of INR 173.8 trillion[15] at constant prices. India is projected to surpass Japan to become the fourth largest economy by FY27 and projected to surpass Germany to become the third largest economy by FY29[16]. Nominal GDP for FY30 is forecasted at USD 6.3 trillion[17]. Forecasted GDP is reflected in Chart 1.

The nominal GDP for India is projected to nearly double to US$ 7 trillion in FY31 from US$ 3.57 trillion in FY24.[18]

Chart 1 - Forecasted Nominal GDP in trillion US dollars



Source: World Economic Outlook Report October 2024

Since FY05, Indian economy's growth rate has been twice as that of the world economy and it is projected to sustain this growth momentum in the long term.

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13 *Source: MoSPI*
14 *Source: International Monetary Fund, World Economic Outlook, October 2024*
15 *Source: MoSPI*
16 *Source: International Monetary Fund, World Economic Outlook, October 2024*
17 *Source: International Monetary Fund, World Economic Outlook, October 2024*
18 *Source: India Forward Emerging Perspectives Report, September 2024 published by S&P*

GDP at constant prices grew at 8.2% in FY24, as against 7% growth in FY23[19]. GDP growth for FY25 is projected at 7% and thereafter between 6.46% and 6.5% till FY30[20]. The GDP growth projections from different agencies are summarised in Table 1.

Table 1: Real GDP growth rate projections for India by different agencies

Agency	Estimated GDP Growth Rate		
	FY25	FY26	FY27
IMF*	7.0%	6.5%	6.5%
RBI	6.6%	7.0%	NA
S&P Global	6.8%	6.7%	6.9%
Morgan Stanley	6.3%	6.5%	6.5%
Asian Development Bank	6.5%	7%	NA
Fitch Ratings	6.4%	6.5%	NA

* *Source: World Economic Outlook Update October 2024*

\# *RBI has reduced the growth forecast for Q1FY26 to 6.9% from 7.3%. Revised forecast for FY26 is not available. However, it is possible that the revised annual forecast maybe lower than 7%*

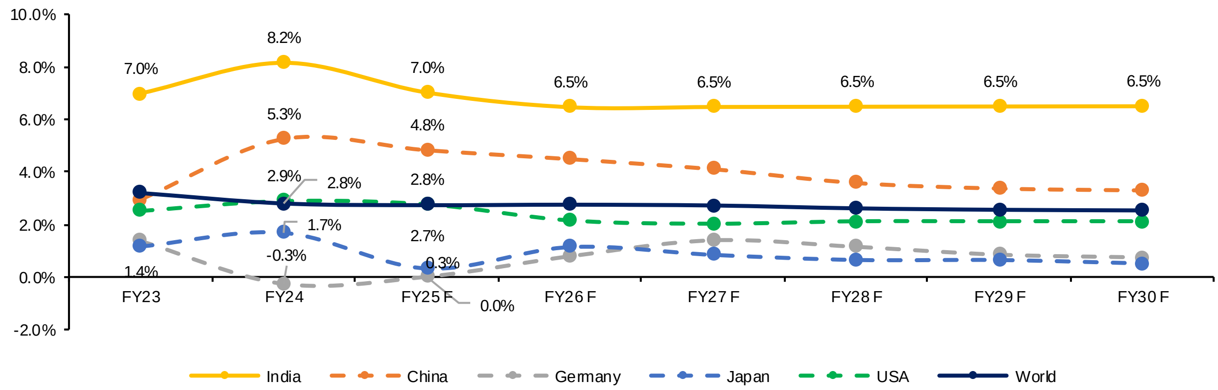
With strong GDP over the last three years and third largest Purchasing Power Parity (PPP), India is recently positioned as third largest power in Asia Power Index[21].

GDP growth rate in Q1-FY25 was 6.6% but slowed to 5.4% in Q2-FY25[22]. This slowdown in July to September quarter is mainly attributed to reduced consumer spending, rising inflation, slowdown in hiring in technology sector, lower profitability in the manufacturing sector and slower government spending on capex because of general elections.

High frequency indicators (HFIs) for the third quarter of FY25 indicate that the Indian economy is recovering from the slowdown in momentum witnessed in Q2, driven by strong festival activity and a sustained upswing in rural demand.[23]

A comparison of Real GDP growth rate (at constant prices) through FY30, for India and the other countries comprised as the top five global economies, is provided in Chart 2.

Chart 2 - India and Top 5 Global economies Real GDP Forecast



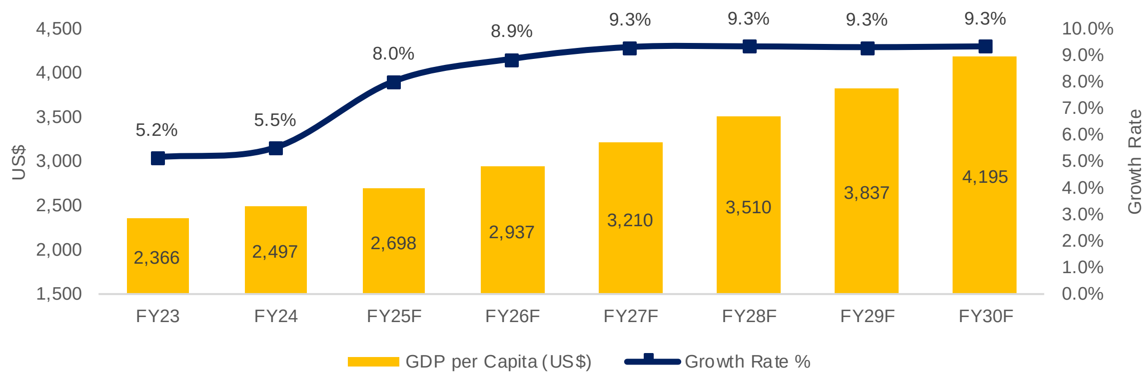
Source: World Economic Outlook, IMF, October 2024

[19] *Source: Ministry of Economic Affairs*
[20] *Source: International Monetary Fund, World Economic Outlook, October 2024*
[21] *Source: Asia Power Index 2024 by Lowy Institute*
[22] *Source: MoSPI*
[23] *Source: RBI Bulletin published in December 2024*

2.2 India Per Capita GDP Forecast

Per capita nominal GDP growth for India is estimated at 8.7% CAGR between FY23-FY29. Increased individual income is expected to create additional discretionary spending, which may be beneficial for the hospitality sector.

Chart 3 - India Per Capita Nominal GDP Forecast

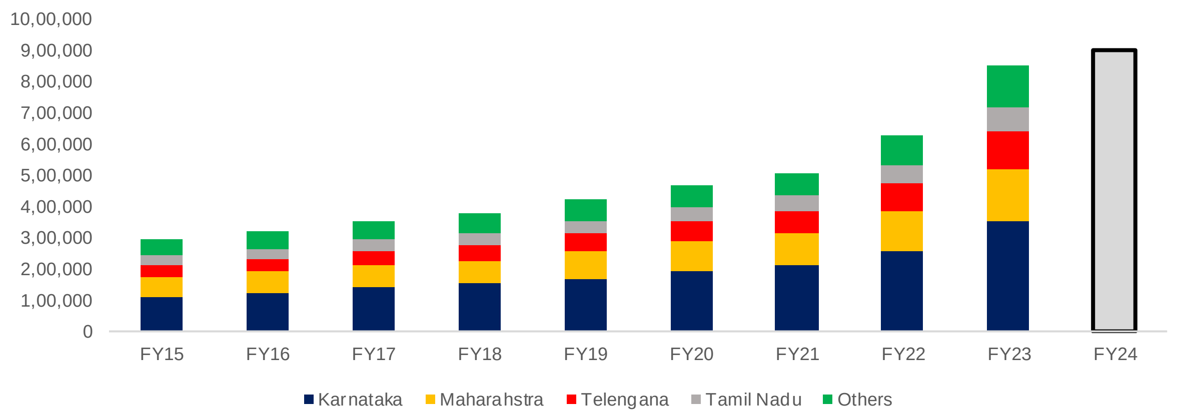


Source: World Economic Outlook, IMF, October 2024, National Statistics Office, Ministry of Statistics & Programme Implementation (MoSPI), Govt of India

2.3 India – IT Exports

India is a hub for IT software exports. Karnataka, Tamil Nadu, Kerala and Telangana contributed about 65% of India's IT and ITeS exports for FY23, with operations mainly driven from Bengaluru, Chennai, Kochi and Hyderabad respectively.

Chart 4 – India and Select States – IT and ITeS Exports – FY15 to FY23



Note: State wise data for FY24 is not available; Source: STPI

All India exports increased by INR 2,201 billion in FY23. Karnataka, Telangana and Tamil Nadu contributed 44%, 14% and 9% respectively of the all-India increase. IT exports increased to Rs. 9 lakh crores in FY24.

Karnataka leads, with 42% share of all India IT and ITeS exports in FY23, and reasonably steady significant share for several past years.

IT and ITeS sectors have a major contribution to hotel rooms and dining demand particularly in cities such as Bengaluru, Pune, Chennai, Hyderabad, Gurugram and Noida. Growth in IT sector earnings and exports is expected to have a beneficial impact on hotel occupancy, rates and F&B revenues.

2.4 Private Final Consumption Expenditure (PFCE)[24]

PFCE is the expenditure incurred on final consumption of goods and services by the resident households reflecting the level of consumption spending in an economy. PFCE at current prices increased from 59% of GDP in FY19 to 60% in FY24. In the 5 years from end FY19 through FY24, PFCE at current prices grew at 9.7% CAGR.

PFCE increased by 6.7% in H1-FY25 as compared to 4.0% during the corresponding period in the previous year. Growth in PFCE reflects higher discretionary income spending.

2.5 Increased Consumer Spending

India has seen an increase in consumer spending in CY21-CY23, gaining from factors such as a larger and younger workforce, double income families, a trend towards consumerism and lesser savings, and greater credit penetration. Increased spend patterns augur well for travel and F&B spends at hotels.

Results of various leading FMCG companies for Q2-FY25, reflect slowing consumer spending, particularly by the urban middle class, mainly attributed to factors such as inflation, rising food prices and slower growth in corporate employee cost budgets. On the other hand, budgets for wedding spends in the wedding season from November 24 are reported to have increased by about 40%.

Urban average monthly consumption expenditure per person has increased by Rs. 3,829 (146%) between FY12 and FY23[25]. Increased spend patterns augur well for travel and F&B spends at hotels in India.

The India D2C Report 2022 has projected consumer spending for 2030 at US$ 4 trillion, growing at 10% CAGR from spending of US$ 1 trillion in 2021. The report attributes the growth in consumer spending to several factor including

- Large middle-class population, increase in urbanisation, large working age population and increasing female workforce participation.
- High growth in rural spends: By 2030, rural and urban per capita consumption are projected to grow at 4.3 times and 3.5 times respectively, over 2021.
- Higher internet penetration: India is projected to have over 1.3 billion smartphone and internet users and around 500 million online shoppers by 2030. In comparison, India had ~750 million smartphone users, ~830 million internet users and ~190 million online shoppers in 2021. Smartphone users are projected to grow at 7% CAGR, internet users at 5% CAGR and online shoppers at 11% CAGR during this period.

In 2021 India was the third largest retail market globally; the retail market is projected to increase to US$ 1.8 trillion by 2030 at 10% CAGR between 2019 and 2030.[26]

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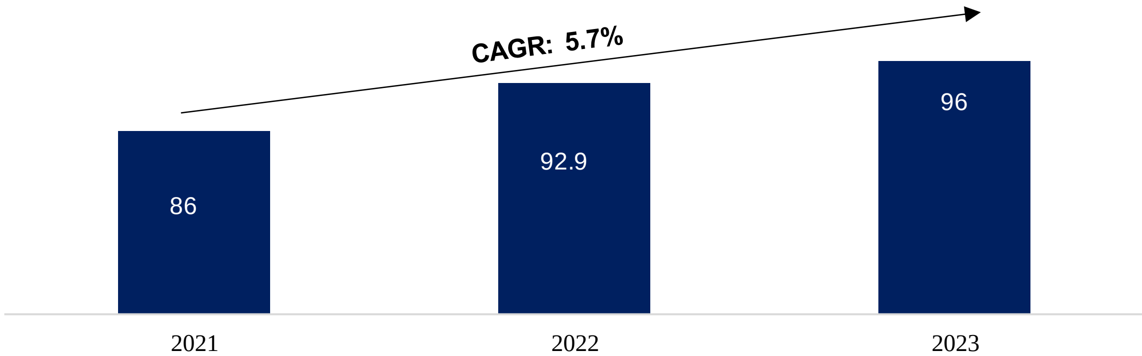
[24] *Source: MoSPI*
[25] *Source: Household Consumption Expenditure Service of MoSPI*
[26] *Source: India Brand Equity Foundation*

Chart 5 – Consumer Spending in India (in Rs trillion) – CY21 to CY23



Source: Statista and MOSPI

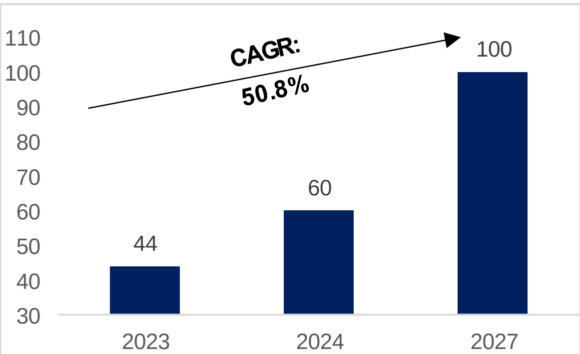
2.6 Rise of Affluent Population and increase in Luxury Spending

Working age population in India earning more than US$ 10,000 (top-most income group) is regarded as 'Affluent India'. On this basis, about 4% of the total Indian population (~44 million people in 2023 ~60 million people in 2024) can be categorised as 'Affluent India'. 'Affluent India' population numbers have grown at 12.6% CAGR between FY19 and FY23. The report assumes this same growth rate for future and accordingly estimates 'Affluent India' population at ~100 million people in 2027.[27]

The number of Ultra High Net Worth Individuals (UHNWI), people owning assets higher than US$ 30 million, was at 12,495 for 2022 and increased by 6.1% to 13,263 for 2023. The number is expected to increase by 50.1%, to 19,908 for 2025. At 50.1% India has the highest growth rate in the world followed by China at 47%.[28]

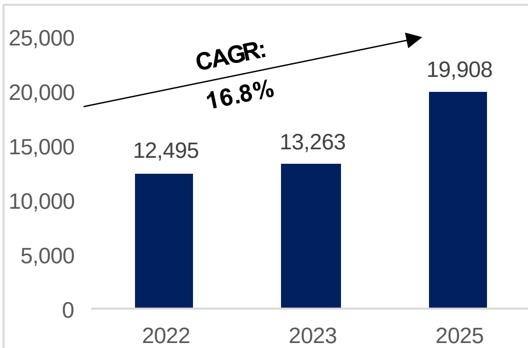
Growth of India's affluent population has led to growth in demand for luxury goods and luxury lifestyle.

Chart 6 – Number of Affluent Indians (in million)



Source: India's affluent population is likely to hit 100 million by 2027

Chart 7 – Ultra HNIs in India (in numbers)



Source: The Wealth Report 2024 by Knight Frank

Growth of some key luxury sectors is summarised below:

Luxury Residences – Sale of luxury residences priced at Rs.500 million aggregated Rs.43 billion in 2023 – this is 51% higher than Rs. 28 billion in 2022. In 2023 12.9k residences priced above Rs 40 million were sold compared to 7.4k residences sold in 2022, reflecting 75% growth.[29]

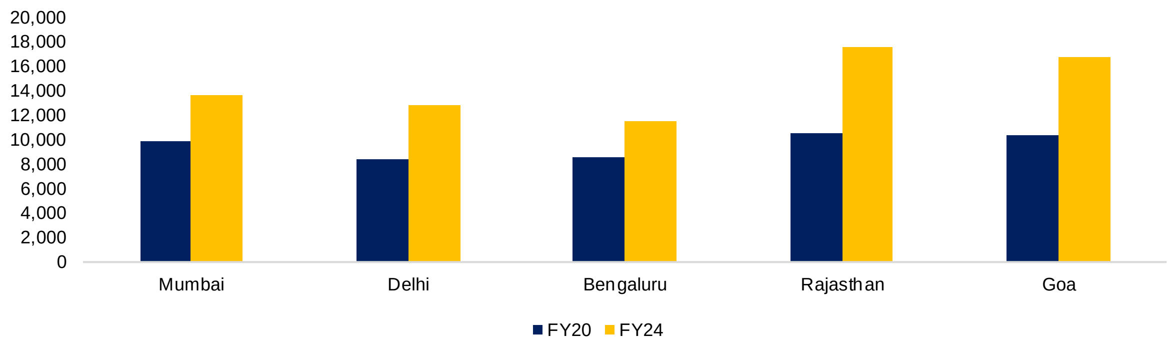
[27] *Source: "India's affluent population is likely to hit 100 million by 2027" article by Goldman Sachs dated 16 February 2024*
[28] *Source: The Wealth Report 2024 by Knight Frank*
[29] *Source: "Luxury revolution sweeping India: What's fueling the shift in consumer preferences?" article dated 1 April 2024*

Luxury Cars[30] – In 2023, 47k luxury vehicles were sold (+20% over 2022; Mercedes Benz had the highest sales in the luxury segment at 17.4k vehicles (+10% over 2022); BMW sold 14.2k vehicles (+18% over 2022). Luxury vehicle sales in 2024 are estimated to cross 50k vehicles.

Luxury Watches – Aggregate sale of luxury watches in India in 2023 was US$ 3.4 billion and is estimated to increase to US$ 4.7 billion by 2030, at 4.8% CAGR.[31]

Luxury Travel – 35% ADR growth[32] and 16% demand growth for the luxury-upper upscale hotel sector in India, for CY2023 over CY2019, reflects a spend propensity for luxury and experiential travel, reflecting overall consistency with the increased spends on luxury products. Rajasthan and Goa, which are key leisure destinations, achieved over 60% ADR growth[33] for luxury-upper upscale segment in FY24 over FY20.

Chart 8: Luxury & Upper Upscale Segment ADRs for Key Business & Leisure Destinations



Source: CoStar

2.7 Key Demographic Aspects

2.7.1 Increased Urbanisation

India's urban population increased from 28% in CY01 to 31% in CY11[34] and is expected between 35% and 37% in CY24[35]. Urbanization is under penetrated in India compared to USA (83%), UK (85%) and China (65%)[36]. Nevertheless, India was estimated to have second largest urban population in the world, at 518 mn in CY23 and growing to 675 mn by CY35[37] at CAGR of 2.2%.

India currently has 5 megacities with population > 10 mn, with Pune, Hyderabad and Ahmedabad expected to become megacities by CY30.[38] ITC has owned luxury hotels in all these cities, except Pune.

The number of cities with more than 1 million population is expected to have increased from 52 cities in 2011[39] to 75-80 cities in 2024[40]. Some of the new cities that possibly have crossed one million population include Bhubaneshwar, Kochi, Gurugram, Noida, Mysore, Guntur, Trivandrum and Guwahati.

30 *Source: Autocar India article published in January 2024*
31 *Source: Grandview Research*
32 *Source: CoStar*
33 *Source: CoStar*
34 *Source: Census*
35 *Source: SBI Research Report*
36 *Source: United Nations, Department of Economic and Social Affairs, Population Division (2018). World Urbanization Prospects: The 2018 Revision, Online Edition.*
37 *Source: United Nations, Department of Economic and Social Affairs, Population Division (2018). World Urbanization Prospects: The 2018 Revision, Online Edition.*
38 *Source: Source: United Nations, Department of Economic and Social Affairs, Population Division (2018). World Urbanization Prospects: The 2018 Revision, Online Edition.*
39 *Source: Census 2011*
40 *Source: SBI Research Report*

Cities and towns have expanded, creating multiple micro-markets and business districts. Urbanisation creates the need for jobs, attracting investment and development of multiple business sectors which augurs well for the hotels sector. Growth in business and business opportunities due to increased urbanisation is evidenced by increase in air traffic, wider real estate activity, and growth of hotels in several existing and newer markets.

Maharashtra, Tamil Nadu, Gujarat, West Bengal, Karnataka, Delhi, Rajasthan, Telangana and Goa are expected to have more than 50% urban population by CY 2036.[41]

Chart 9: India Urbanization Trend

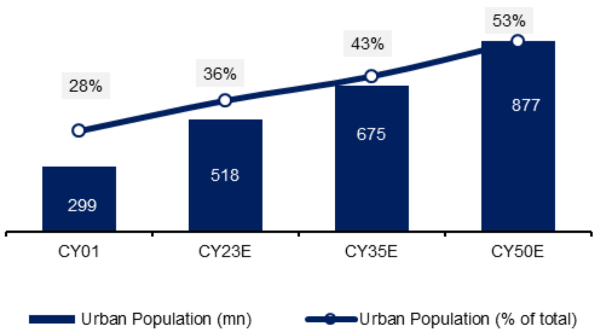
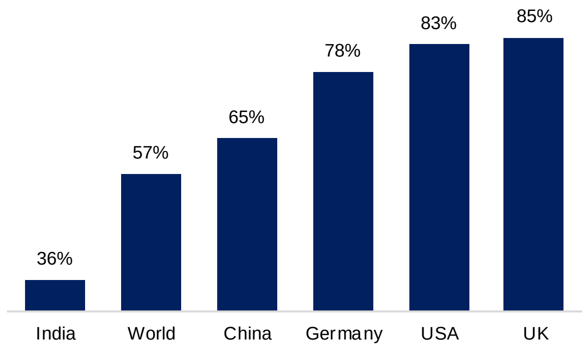


Chart 10: Urbanization % (CY23)



Source: United Nations, Department of Economic and Social Affairs, Population Division (2018). World Urbanization Prospects: The 2018 Revision, Online Edition.

2.7.2 Rising Middle Class and High-Income Population

India's middle-class population is expected to grow from 432 mn for FY21 to 715 mn in FY31 and 1,015 mn by FY47, moving ahead of US and China within this decade[42]. The middle class spans a wide economic segment.

Increasing income levels are demonstrated by a robust growth in its middle-class and high-income population. Middle-class population (income of Rs. 0.5 mn to 3 mn per annum) grew at 4% CAGR between FY16-21, increasing its share from 26% to 31% over the period. This segment is further projected to grow and is estimated to represent approximately 47% of the population by FY31. High-income households (income > Rs. 3 mn) had 37 mn population in FY16 and is projected to be 437 million in FY47 increasing at 8% CAGR.[43]

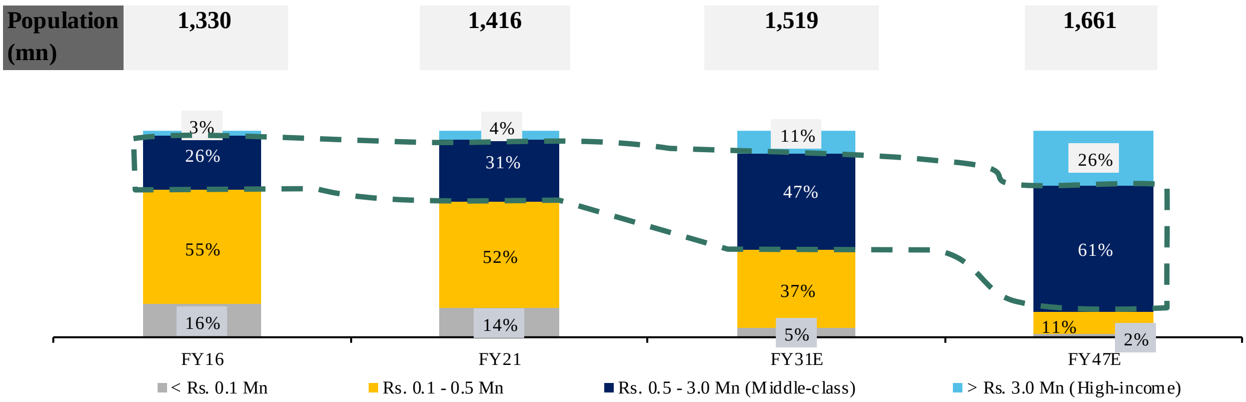
Rising middle class and high-income class population is an important demand driver for the hospitality sector, using midscale and upscale hotels and with aspirational demand for upper upscale hotels. The middle class slowly graduates upwards, with greater affordability and attitudinal and lifestyle changes creating demand potential for different services (rooms, F&B, functions, entertainment) at upper tier and upper midscale hotels.

[41] *Source: Population Projections for India and States 2011-2036 Report (July 2020) of Technical Group constituted by the National Commission on Population under the Ministry of Health and Family Welfare*

[42] *Source: The Rise of India's Middle-class Report - PRICE*

[43] *Source: The Rise of India's Middle-Class Report - PRICE*

Chart 11: India's Rising Middle-Class— Share by annual income as a % of Total Population (FY16-FY47E)



Source: "The Rise of India's Middle Class" Report published in November 2022 by People Research on India's Consumer Economy (PRICE)

2.7.3 Young Population (15-29 Years):

India is now the world's most populous nation, estimated at 1.4 bn people in CY23.[44] India's young population increased from 223 mn in CY1991 to 333 mn in CY 2011, 360 mn in CY 2016, and 371 mn in CY 2021 (27.2% of total population – the largest youth population globally)[45]. The demographic window of opportunity - a "youth bulge" (growth in youth as a share of total population) in the working-age population, is expected to last till CY 2055.

In 2023, the median age of India was estimated at 28.1 years which is 9.9-20.8 years younger than the median age for the G-7 countries. Median age in India is projected to remain below 30 years, until 2030.

India's working age population (15-59 years) is estimated around 961 million in 2024, with a further 179 million people (gross, i.e. without adjustment for retirements) to be added to the workforce by 2045. Working age population was about 64% of the total population in CY2021 and is projected to increase to 64.9%[46] by 2036. The large working age population will require jobs, placing importance on employment creation. The hotel and tourism sector has substantial ability to create jobs, directly and as a multiplier effect, if the sector is sufficiently enabled. A large working population also carries potential for enhanced discretionary spend propensity which could benefit the travel and hotel sector.

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[44] *Source: United Nations, Department of Economic and Social Affairs, Population Division (2022). State of World Population Report 2023, UNFPA, World Population Prospects.*

[45] *Source: Youth in India Report 2022, MoSPI*

[46] *Source: Report of the Technical Group on Population Projections for India and States 2011-2036, Ministry of Health & Family Welfare, July, 2020*

Chart 12: Estimated Median Age in Years (CY23)

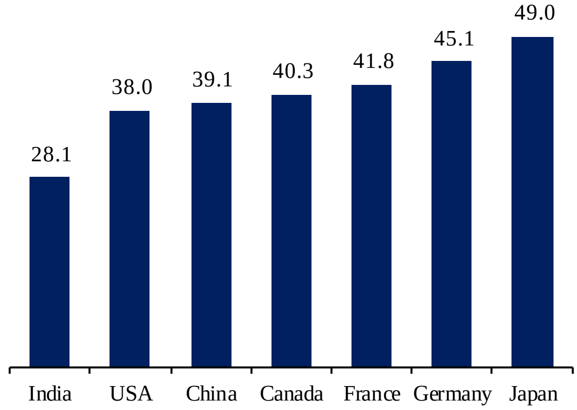


Chart 13: India population % by Age group (CY21)

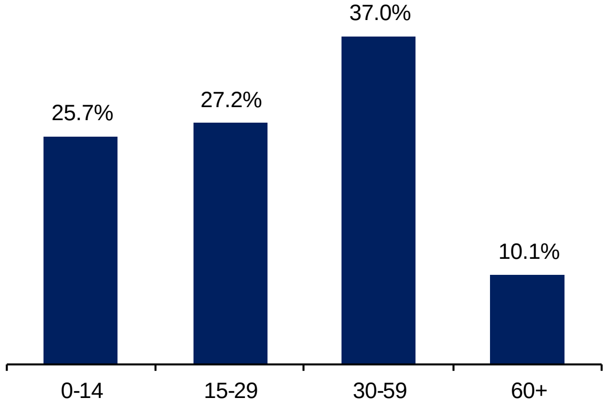
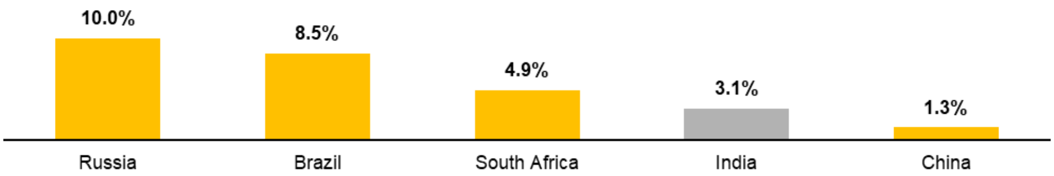


Chart 12 Source: United Nations, Department of Economic and Social Affairs, Population Division (2022). State of World Population Report 2023, UNFPA, World Population Prospects.
Chart 13 Source: The 2022 Revision and Youth in India Report 2022, published by Ministry of Statistics and Programme Implementation (MoSPI)

2.8 Stable Currency

Foreign exchange ("Forex") reserves were near an all-time high of US$704.9 bn at end September 2024.[47] Amongst the BRICS countries depreciation of Indian Rupee against US$ was the second lowest at 3.1%. China had lowest depreciation at 1.3%. Major Asian currencies including the Indian Rupee have declined sharply against the US$ between November 2024 and December 2024.

Chart 14: CAGR of currency depreciation % against US$ (FY14 - Apr – Sep 24)

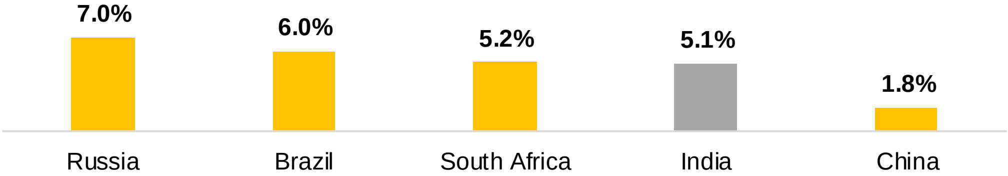


Source: Reserve Bank of India, Half Year Report on Management of Foreign Exchange Reserves, Oct 2023- Mar 2024, Foreign Exchange data is taken from Investing.com website

2.9 Stable Inflationary Environment

Inflation environment in India has been relatively stable post COVID over the past few years with FY24 consumer price index ("CPI") inflation YoY % reported at 4.8%.

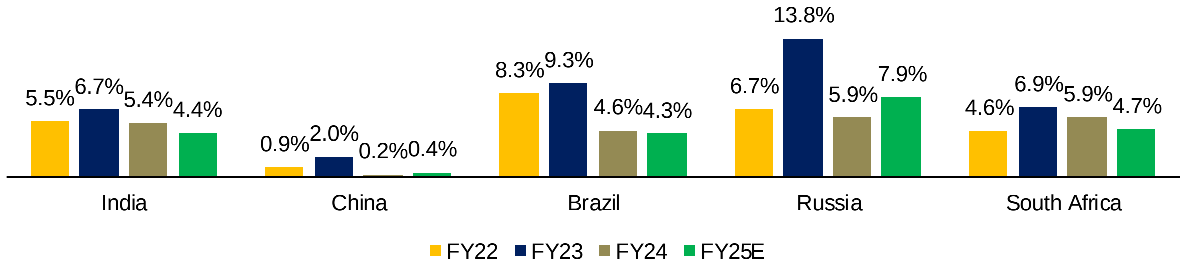
Chart 15: CPI Inflation (CAGR FY14 – YTD Sep 24)



Source: World Economic Outlook Report October 2024

47 *Source: Reserve Bank of India - Weekly Data via Indian Express*

Chart 16: CPI Inflation % (FY22, FY23, FY24 and YTD Sep-24)



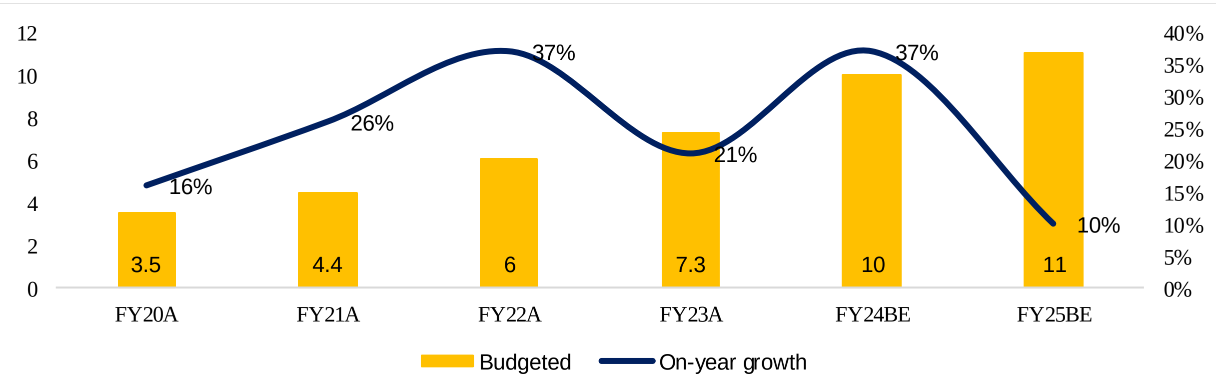
Source: World Economic Outlook Report October 2024

3 Infrastructural Developments

3.1. Infrastructure development led by significant increase in government capex outlay

Substantial government capex spending on infrastructure has enabled sustained infrastructure growth. Per NIPFP estimates, the infrastructure spend has a 2.5-3.5 times multiplier effect on GDP. Capex spends have increased from Rs.3.4 lakh crores in FY2020 to Rs.11.11 lakh crores earmarked for FY2025 budget (3.4% of GDP).[48] The spends have increased by almost 330% in the last five years. Capex on infrastructure has increased from 28% of total capex spends in FY14 to about 60% of total capex spends in FY2025.[49]

Chart 17: Government Capital Outlay (Rs. in lakh crores)



Source: MOSPI

Roads and Railways account for nearly 50% of the capex spends by the government Enhancements in these two sectors will positively benefit multiple other sectors such as hotels and tourism, power, telecom, oil and gas, mining, and real estate.

Some of the important infrastructure developments in last 10 years are[50]

- National Highway network has expanded by 1.6 times, including the Bharatmala program which will add 54k kms to the NH network by end 2025.
- Introduction of 100 high-speed Vande Bharat trains, modernization of 1,318 railway stations
- Expansion of metro rail network by almost 4 times, with metro rail services now operating in 21 Indian cities

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[48] *Source: MOSPI*
[49] *Source: Transforming India's Infrastructure: A Futuristic Roadmap through Budget 2024-25, article by KPMG*
[50] *Source: PIB Release, Govt of India*

- Launch of 84 new airports
- Private sector led development of major new international airports in Jewar and Navi Mumbai, and upgrade / expansion of several other airports under private sector management
- Sagarmala project for aiding port led developments
- Increase in power generation capacity by 70%
- Increased stress on renewable energy; 220GW of renewable energy capacity in October 2024 expected to add 35GW capacity by March 2025. Broader goal is to achieve 500GW by 2030.

Better roads and airport infrastructure have facilitated domestic and inbound travel growth across established markets and newer markets in tier 2 and tier 3 business cities / towns and newer leisure destinations. Significantly greater highway and expressway linkages, development of new airports, airport expansions and upgrades, and opening of several regional airports through Ude Desh ka Aam Nagrik (UDAN) initiatives have each widened the business, leisure, destination weddings and MICE location options. Travel, across multiple demand segments, is also facilitated by the Vande Bharat train services. Consequently, travel and hotel demand have grown at Key Markets, Select Markets and several business and leisure destinations which have expanded their reach or gained newer opportunities.

Note: Select Markets comprise markets where ITC has owned hotels. These markets are Mumbai, Delhi NCR, Bengaluru, Chennai, Hyderabad, Kolkata, Ahmedabad, Goa, Jaipur, Agra, Amritsar, Bhubaneshwar, Coimbatore, Guntur, Port Blair and Vadodara.

Table 2: Planned expansion in infrastructure till 2030

Category	2014	2024	2030
Airports	74	158	230-240
Road Network (km in ‘000s)	91	146	200 (by 2025)

Source: PIB Release, Govt of India

3.2. Increasing travel demand to be supported by increase in airport capacity

15 of 17 Select Markets have their own airport, with aggregate capacity of 309 million as of 31 October 2024. Aggregate passenger capacity at these airports is estimated to be 423 million passengers per annum (MPPA) by FY29, including expansion of certain airports.

Among Select Markets, Guntur and Puri are the only markets that currently don’t have their own airport; however, a greenfield international airport is planned in Puri.

The existing and planned capacity of airports at Select Markets is provided in the below table.

Table 3: Select Markets airport capacity

Airport	Category	Capacity (MPPA)		Remarks
		Existing	Additional Planned	
New Delhi	PPP	74	20	The capacity and positioning of the Delhi Airport will be an advantage in the medium and long term as the airport expands. A greenfield international airport at Jewar in Noida is under construction and likely to open in Q1-FY25. It is planned to be India’s largest airport with an initial capacity of 60 MPPA and planned capacity of 120

Airport	Category	Capacity (MPPA)		Remarks
		Existing	Additional Planned	
				MPPA. This airport will help further expand travel and cargo potential for Delhi NCR.
Mumbai	PPP	60	-	A greenfield international airport at Navi Mumbai is under construction and is likely to open in Q1-FY25. The city will benefit from this new airport as the current airport capacity expansion is constrained.
Bengaluru	PPP	52	8	Bengaluru airport is expected to cross 60 mn passengers in the next 5-8 years, having achieved 38 mn for FY24. The government is planning for a new greenfield airport on the outskirts of Bengaluru.
Chennai	AAI	21	14	Terminal 2 is undergoing expansion, expected to be completed in 2026, raising its capacity from 25 to 35 MPPA.A second airport is planned at Parandur with first phase capacity of 20 MPPA by January 2029 increasing to 100 MPPA upon completion of Phase 4 of the project by 2047. The airport will have 3 terminals, spread over 5.4k acres.
Hyderabad	PPP	34	-	Airport expansion was recently completed.
Kolkata	AAI	26	20	The airport is undergoing a major Rs 5,000 crore expansion project, which includes constructing a new terminal and increase flight handling capacity. It is expected to complete by late 2025 or early 2026.
Ahmedabad	PPP	8	20	Major renovations have been carried out over the past two years, with plans to expand the passenger handling capacity from 8 to 20 MPPA by FY26.
Jaipur	PPP	3.5	6.5	A new terminal dedicated to international travellers was inaugurated in October 2024.
Goa (Dabolim & Mopa)	AAI & PPP	21	5	The newly opened Mopa Airport (in December 2022) added further capacity to expand from 4.4 MPPA to 7.7 MPPA. This will become the prime airport for Goa, in due course. Dabolim airport expansion with an investment of Rs. 256 crore is underway, enabling it to handle 13 mn passengers annually. The expansion was to be completed in 2024, however it is delayed and will likely be completed in H1-FY26. With increased importance of Mopa Airport, Dabolim airport expansion may have limited long-term relevance.
Bhubaneshwar	AAI	4	4	A new terminal (T3) is under construction to handle the increasing passenger traffic. The airport is working on expanding its runway to accommodate larger aircraft and increase flight operations.
Coimbatore	AAI	3	12	A new terminal is being constructed as part of a Rs 1,500 crore investment plan. The runway is being extended from 9,500 feet to 12,500 feet. This expansion is nearing completion and will significantly enhance the airport's capacity to handle larger aircraft and more flights.
Amritsar	AAI	2.5	1.5	Planned expansion to increase peak hour passenger handling capacity from 1,200 to 2,000 passengers.

Airport	Category	Capacity (MPPA)		Remarks
		Existing	Additional Planned	
Vadodara	AAI	1.5	-	The airport has received approval to start international services. Immigration and customs facilities are being set up, and the first international flights are expected to connect to destinations like Dubai and Sharjah.
Agra	AAI	1.5	-	A new terminal building is under construction, designed to handle 1,400 peak hour passengers.
Port Blair	AAI	5	-	The new terminal became operational in August 2023 with a capacity to handle 5 mn passengers annually.
Puri	AAI	-		New greenfield international airport planned to be operational by mid-2027 or early 2028.

4 Demand Overview and Characteristics

4.1. Key Demand Drivers

The key demand drivers for hotels are:

a. Business Travel - Inbound and domestic visitation for business related purposes, including travel on corporate account and by individual business travellers. Demand typically predominates between Monday and Thursday, slowing towards the weekend or public holidays. Domestic business travellers at upscale and mid-segment hotels often stay through till Saturday. Business travel also slows during vacation periods.

   The services sector (IT, BFSI, and professional services) and manufacturing sector are significant drivers for business travel.

b. Leisure Travel - This is discretionary in nature and comprises long / short vacations, staycations at city hotels, weekend stays for recreation and entertainment, leisure attached to a business trip or to a trip for weddings and meetings. Greater affordability and propensity, changing lifestyle, and improved connectivity have materially benefitted hotels with good F&B, recreation and entertainment facilities.

c. Tourism - India is popularly known for its rich cultural heritage, historical sites, diverse landscapes, and vibrant festivals. Growth of domestic and inbound tourism contributes significantly to the demand for hotels. The Ministry of Tourism has undertaken various programs such as Swadesh Darshan Scheme, Pilgrimage Rejuvenation and Spiritual Augmentation Drive (PRASAD) scheme, Dekho Apna Desh People's Perspective Hackathon (DPPH) for growth of tourism.

d. MICE Travel – For corporate, government, institution and association events (conventions, conferences, retreats, incentives, promotions, training programs, customer-facing events, staff events etc). Corporate and government demand is mainly during the working week or on Saturday; institution and association demand can be on weekends. MICE demand occurs through the year, barring main holiday periods and the months from March through May. Cities with international convention centres are able to attract large international events. Hotel demand is also gaining from sports events.

e. Weddings and Social demand - This segment comprises destination weddings and other social / celebratory events, as well as substantial use of hotels for weddings and social events for local (non-residential) events. The trend for hosting weddings in city hotels or as destination weddings has grown materially and is gaining further momentum, as it percolates to the mid-market segment. Several city hotels attract large residential weddings, akin to destination weddings in leisure centres. Social travel also occurs for other social obligations and person / family visits.

f. Diplomatic Travel - Government leaders and representatives of other countries, often accompanied by large trade delegations, and diplomats using upper-tier hotels during the transition period on postings to India.

g. Airline Crew - Helps create a core of demand at hotels, albeit at significantly discounted pricing. Airlines also generate limited demand for layovers when flights are significantly delayed.

h. Transit Demand – Comprises person on overnight stay during air or road trip to a domestic or international destination.

Each demand segment attracts domestic and inbound travel of varying measures, depending upon the hotel and destination character. Demand quantum, profile and rate paying capacity are also impacted by seasonality factors which may apply differently to business and leisure hotels. The months from October through March of any Financial Year are materially busier than the summer and monsoon seasons.

4.2. MICE Demand

MICE demand contributes hotel revenue for rooms, F&B and other services arising from various business and social events; weddings; corporate, institutional and government sponsored meetings, conferences and conventions; sports related events; performing arts and other events. Varied segments may apply to different hotels and markets.

New convention centres in Mumbai, New Delhi and Jaipur will catalyse demand in those markets, drawing varied events related demand and additional demand for guest rooms. The convention centres will also generate additional MICE demand at upper tier hotels that have sizeable function spaces, and will encourage an element of leisure travel by inbound visitors and inter-regional domestic travellers thereby adding to hotel demand and other local spends.

The G20 events were a perfect example of this; these events from December 2022 to September 2023 took international visitors to multiple destinations and provided occupancy, rate and revenue boost to hotels.

Hotels can gain materially from such events, corporate conventions and weddings by way of (a) outdoor catering and other services; and (b) accommodation and related F&B demand. Further, the experience and recognition gained from successfully hosted events, enables hotels to market to and draw other international and national events and delegations.

MICE events have contributed to the growth of F&B revenues to 32% share of total revenue and Rs. 46.2 bn in FY2024 for certain listed companies (Refer Table 33).

The trend for hosting weddings in city hotels or having destination weddings is expected to continue and is gaining momentum as the practice percolates to the mid-market segment. City hotels also benefit from destination wedding concepts. Additionally, the trend of increasing importance of various celebratory occasions (such as anniversaries and landmarks) creates demand at city hotels and resorts.

Sports based demand has gained momentum and will likely gain strength in the future. International, national, and league events across various sports (cricket, hockey, kabaddi, and football) are creating sizeable demand, across various price segments. Demand comprises of team members, officials and support staff and visiting spectators, Demand arises at the time of the event and during preceding training periods.

4.3. Food & Beverage Demand

The food & beverage industry is valued at Rs.5.69 trillion in 2024 contributing to 1.9% of India's GDP. India is estimated to surpass Japan to be the third largest food services market globally by 2028.[51]

[51] *Source: India Food Services Report 2024 published by NRAI*

The F&B industry has grown from US$ 19.8 billion in 2015 to US$ 68 billion in 2024 at 14.8% CAGR and is projected to grow to US$ 93 billion at CAGR of 8.1%.

The average bill on the Dineout platform was Rs. 2,670 in 2021 compared to Rs. 1,907 in 2020.[52]

For luxury hotels the F&B Revenue per occupied room in 2019 was Rs.10.1k which increased to Rs.11k in 2023. For luxury hotels average F&B APCs increased from Rs.1.5k to Rs.1.7k. F&B department profitability was 53% in 2019 and slightly lower at 51% in 2023 mainly because of increase in staff and food costs.[53]

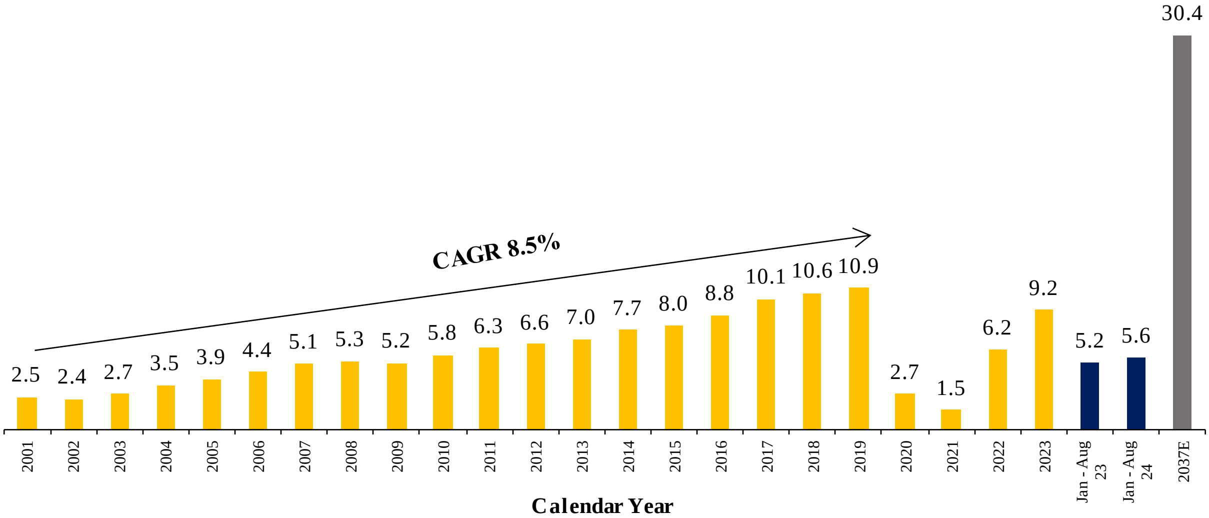
While specific projections for F&B demand in hotels are not available, the overall strong spending approach towards F&B can be expected to positively reflect on F&B demand at hotels particularly for restaurants that carry their own brand recognition (such as Bukhara, Peshawri, Dum Pukht, Dakshin, House of Ming, Jamawar etc). The positive trend for F&B in hotels is evidenced by the increase in F&B revenue from Rs. 26 billion in FY22 to Rs. 59 billion in FY24 among the group of eight hotel companies / divisions with over the last three years (Refer Table 33).

ITC hotels have sizeable function spaces in most of their luxury hotels. Further, recognizing the business importance of function spaces, newer hotels have been developed with larger function spaces enabling the hotels in Chennai, Kolkata and Hyderabad to have the largest facility among luxury hotels in those cities. Besides, ITC Mughal, Agra benefits from its large lawns and spacious indoor event spaces to lead the aggregate function capacity in that market.

4.4. Foreign Tourist Arrivals (FTA)

FTA aggregated 10.1 mn, 10.6 mn and 10.9 mn for CY17, CY18 and CY19 respectively, achieving the 10 mn mark for the first time in CY17. After the Covid period decline, FTA recovered to 6.2 mn for CY22 (partially constrained by the Omicron wave during the normally very busy months of January and February 22) and further to 9.2 mn for CY23 (84% of CY19 arrivals). FTA for CY24 (Jan – July 24) has risen to 5.6 mn compared to 5.3 mn for the same periods in CY23.

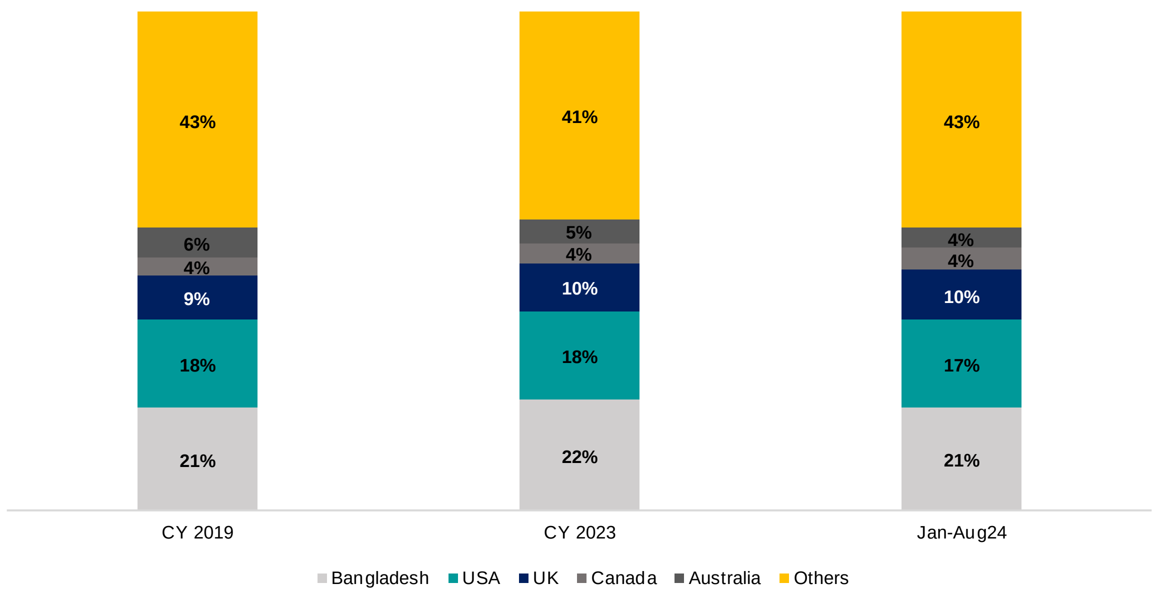
Chart 18: India – Foreign Tourist Arrivals (mn)



Source: Ministry of Tourism, Govt. of India

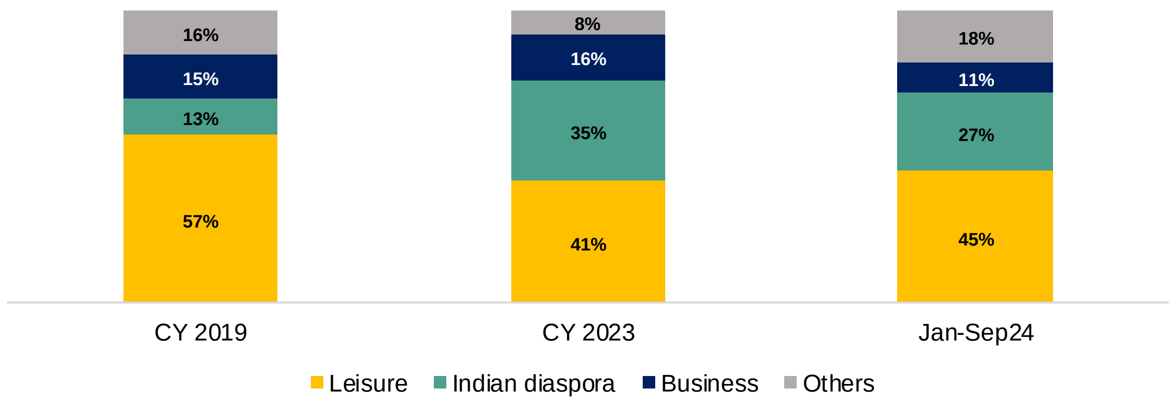
52 *Source: Dineout Trends Report 2021*
53 *Source: Horwath HTL Hotel Operations Survey*

Chart 19: India – Foreign Tourist Arrivals- By Country



Source: Ministry of Tourism, Govt. of India

Chart 20: India – Foreign Tourist Arrivals- Purpose of visit

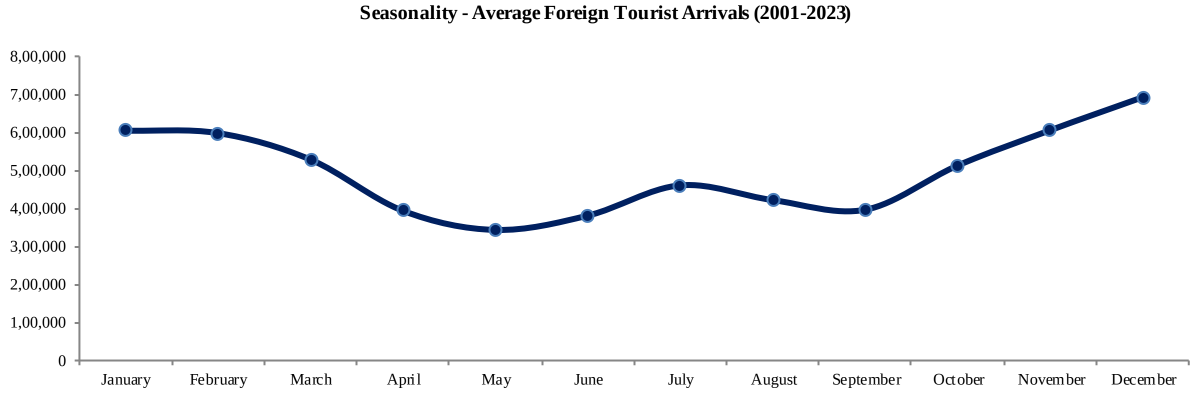


Source: Ministry of Tourism, Govt. of India

Cross-border travel is impacted by several factors including security, health, political and economic issues at the destination or source markets. High air fares are currently a constraint as global airlines cope with aircraft and staffing shortages. In past years, FTA was impacted by events such as Mumbai terror attacks on 26 November 2008, global financial crisis, economy related issues in Russia and Europe, or business failure of major tour operators in Europe.

Seasonality of FTA is reflected in Chart 22. The winter months are clearly preferred for travel into India for leisure, MICE events, leadership level business travel and high-end destination weddings.

Chart 21: FTA Seasonality (2001-2023)



Source: Ministry of Tourism, Govt. of India

Electronic Visa (E-visa) scheme made available effective November 2014, for nationals of 43 countries. As on December 2024, nationals of 173 countries are covered under the e-visa scheme, successfully enabling inbound visitors to come in with short lead-time and easier visa processes.

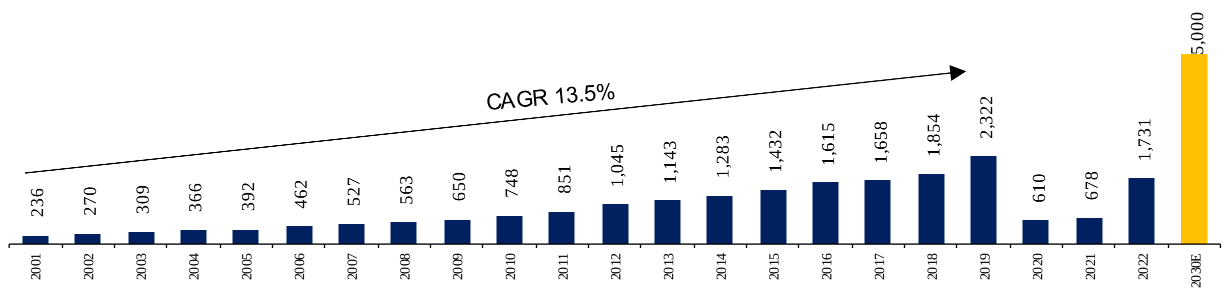
4.5. Domestic Tourism

4.5.1. Domestic Travel Visits

Domestic travel visits grew at 13.5% CAGR between CY01 - CY19, from 236 mn visits in CY01 to 2.3 bn visits in CY19. Domestic travel numbers for CY22 at 1.7 bn reflects strong recovery of 74.5% of CY19 (pre-COVID). Data for CY23 is not yet released by the government.

'How India Travels 2023?' report by Booking.com and McKinsey estimates 5 bn domestic travel visits by 2030. Vision 2047 report by HAI expects 15 bn domestic visits and FTA of 100 mn by 2047.

Chart 22: India – Domestic Tourists (mn)



Source: Ministry of Tourism, Govt. of India estimates, Booking.com and McKinsey - How India Travels 2023 Report

Leisure, staycations, remote working from resorts, and weddings demand have been the mainstay of domestic demand revival since the Covid pandemic. Domestic travel is expected to maintain strong growth, particularly as a large middleclass population, young working population, and overall increased individual incomes drive discretionary travel, together with supply creation across wider markets (including religious destinations) and segments. Increasing supply of luxury resorts, combined with the positive spend patterns on luxury products will also materially foster high-spend travel.

The domestic sector contributes weekend and off-season occupancies in addition to business travel, leisure and recreation, weddings and MICE demand, enabling hotels to achieve significantly higher occupancies and room rates than earlier years. Hotel demand will also grow from domestic social visits, family events, and travel to pilgrim centres.

Table 4 reflects the demand contribution by foreign and domestic visitors at different hotel segments.

Table 4 – Hotels – Domestic vs Foreign Guests

Composition (%)	Five Star Deluxe		Five Star		Four Star		All India Average	
	FY19	FY14	FY19	FY14	FY19	FY14	FY19	FY14
Domestic Guests	65.6%	51.9%	71.1%	63.3%	76.3%	68.4%	79.3%	75.6%
Foreign Guests	34.5%	48.1%	28.9%	36.7%	23.8%	31.4%	20.7%	24.4%

Source: India Hotel Survey 2018-19 published by Federation of Hotel and Restaurant Associations of India (FHRAI), Horwath HTL & STR; India Hotel Survey 2013-14 published by FHRAI & HVS

The share of domestic guests has increased over the 5 years referred in the Table above, with increase across the Five Star deluxe, Five Star and Four Star hotels.

4.5.2. Domestic Spend value on Tourism[54]

Growing household earnings and a median age of 27.6 years (about 10 years younger than most countries) are expected to push the spend on tourism to rise at 9.6% CAGR from $150 bn spent in 2019 to $410 bn in 2030.

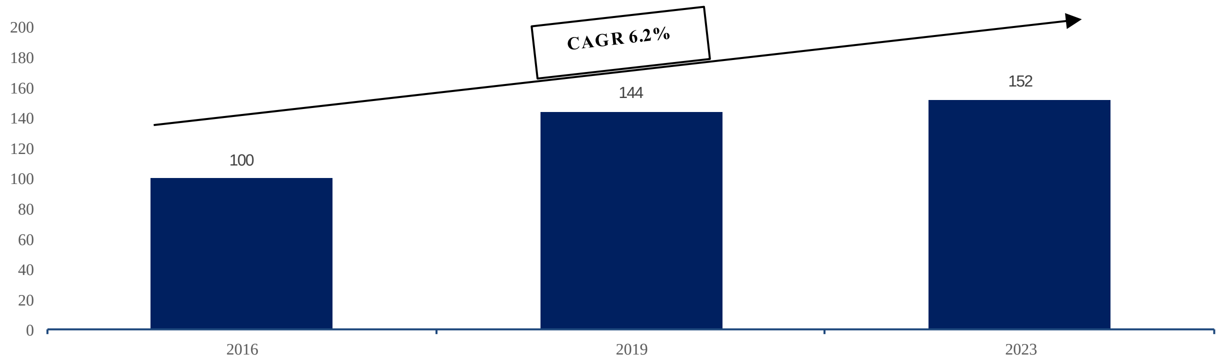
New Delhi, Bengaluru, Mumbai, Chennai, Pune, Hyderabad, Gurugram, Jaipur, Kochi and Kolkata are identified as the top 10 booked destinations in India.

Barring Pune and Kochi, ITC has operating presence and owned hotels across 8 of these top 10 booked destinations.

4.5.3. Domestic Air Traffic[55]

Growth in air travel is a material driver of demand and overall market growth. In FY24, the domestic market generated 84% of aircraft movement at Indian airports and 82% of the total passengers in India. The domestic passenger movements increased by 44% in 2019 compared to 2016 reflecting CAGR of 13%. Further, it recovered well from Covid-19 related restrictions to post 8 mn growth in domestic passengers in 2023, compared to 2019. This growth was driven by opening of new airports, capacity expansions at existing airports and improved connectivity particularly to cities and towns outside the main destinations.

Chart 23: Domestic Passenger Air Movement (in million)



Source: Directorate General of Civil Aviation

[54] *Source: 'How India Travels 2023?' report by Booking.com and McKinsey.*
[55] *Source: Airports Authority of India*

Growth in air travel for Select Markets is summarised in Table 5

Table 5 - Pax Movement in mn

Year	Select Markets	All India	Select Market Share
FY08	96	115	83.2%
FY15	148	191	77.8%
FY24	271	374	72.5%
Apr23 - Jun23	106	149	71.4%
Apr24 - Jun24	131	182	71.9%
CAGR (FY15-24)	***6.9%***	***7.8%***	

Source: AAI

Note: Select Markets comprise markets where ITC has owned hotels. These markets are all Mumbai, Delhi NCR, Bengaluru, Chennai, Hyderabad, Kolkata, Ahmedabad, Goa, Jaipur, Agra, Amritsar, Bhubaneshwar, Coimbatore, Guntur, Port Blair and Vadodara.

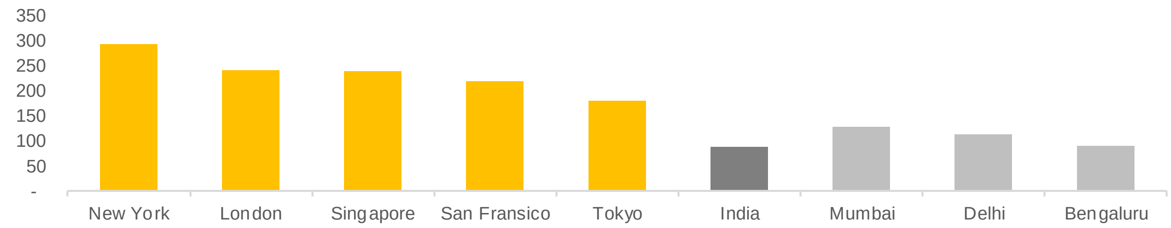
The Select Markets had 72% share of air traffic for FY24, while having 61% supply share of hotel inventory. Between FY15 and FY24, passenger movement (domestic + international) at these Select Markets grew at 6.9% CAGR.

The domestic sector has become a key demand generator with leisure, recreation, weddings and MICE demand driving weekend and off-season occupancies and enabling hotels and resorts to achieve significantly higher occupancies

4.6. Indian Hospitality Industry – Potential for greater penetration

We present herein a comparison of ADRs at India's top 3 metro markets, with some global cities. ADRs for hotels in India have substantial space for growth, to even reasonably match major global cities.

Chart 24: ADR Comparison with Global Cities for Jan – Sep 24 (US$)



Source: CoStar

The above comparison reflects that ADRs for hotels in India are substantially lower than for several global cities. At the same time, the hotel product and service in India, particularly at upper tier hotels, is superior to the service levels in several global markets. While, pricing is an outcome of several factors, the expansion of India's economy at a global scale, combined with the related increased inbound travel, carries potential to generate higher ADRs that are afforded by international travellers in several other global markets.

5 India - Supply Overview

5.1. Chain Affiliated Hotels

5.1.1. The analysis of hotel supply and demand principally deals with chain-affiliated hotels, i.e. hotels that are either (i) owned and operated by hotel chains, (ii) operated by hotel chains on behalf of other owners or (iii) operated under franchise from hotel chains. For this purpose, all recognised international chains operating in India and domestic hotel chains that are generally considered as operating under common branding have been included. Other domestic chains are considered if they have five or more hotels operating at least regionally in India. For clarity, groups with multiple hotels only within one state are not considered unless these are generally regarded as hotel chains by the market. Companies that primarily operate time-share facilities, one-star hotels and hotels under aggregators (such as Oyo, Treebo and FabHotels) are excluded from supply.

This report generally does not cover independent hotels, except to the extent that some independent hotels may have participated in collection of any reported data.

Data in this section 5 (except where specifically identified) only pertains to hotels in India; it excludes hotels outside India that are owned / managed / franchised by hotel chains.

5.1.2. Other Independent hotels have been excluded as these – (a) lack of sufficiently co-ordinated, reliable and consistent data; (b) face increasingly challenged competitiveness against growing presence of chain-affiliated hotels, (c) have longer-term constraints on growth as chain-affiliated supply spreads to second-tier markets and smaller towns; (d) face general reluctance of banks to finance large projects unless these have access to suitable chain marketing and management systems. We believe that an analysis based mainly on chain-affiliated hotels (which competing with any independent hotels in the relevant catchment area) is adequate reflection of the overall market conditions.

5.2. Segment Classification

5.2.1. The hotels are segmented into the Luxury segment, Upper Upscale & Upscale segment, Upper Midscale segment (Up-Mid), and Midscale Segment & Economy Segment. The hotels also offer additional facilities such as restaurants, bars, and function facilities for meetings and events, varying for each hotel. Each segment includes entry-level hotels in that segment besides hotels that are more fully of segment standards. These industry terms used for classifying, categorising and segmenting hotels are explained below.

- Luxury Segment typically comprise top end hotels with brand standards, facilities, spaces and standards that are associated with expectations of luxury seeking clientele; in India, these are generally classified as deluxe and luxury hotels. Several brands classify themselves as luxury hotel brands, based on certain criteria (e.g. room size) without having the service standards and consistent guest profile typically associated with true luxury hotels.
- Upper Upscale & Upscale Segment (Upper Ups & Ups) comprises first-class hotels and hotels that are moderately positioned and priced compared to first class hotels. These hotels in India are generally classified as 5 star or 4 star hotels. These hotels offer superior standards, amenities and services though not at a level that affords the exclusivity associated with luxury hotels.
- Upper Midscale segment comprises full service or select service hotels, typically with smaller room sizes and lesser public areas and facilities; these are more moderately positioned and priced than upscale hotels and would generally be classified as 4 star and sometimes 3-star hotels in India.
- Midscale - Economy Segment are typically 3-star or 2-star hotels providing functional accommodation with distinctly moderate room sizes, and limited services, being focussed on price consciousness; domestic brand midscale-economy hotels often offer more services than select service international branded midscale hotels.

In this Report reference to Upper Tier Segments will mean Luxury and Upper Upscale -Upscale Segments and reference to Mid-Segment will mean Upper Midscale and Midscale Segments.

5.2.2. Classification of hotels into the various segments is based on the definition and method adopted by CoStar for hotels participating with CoStar and followed for data reporting and market comparison by the industry. Segmental classifications are essentially based on the intended positioning and overall rate structure of respective hotel brands; actual standards of individual properties may vary, but adjustment is not made on subjective basis. Hotels considered for our report but which are not participating with CoStar have been classified by us within these segments based on our assessment of positioning of the brand / hotel. If a chain has modified the positioning of a brand, such change would be reflected in current and previous period data.

5.3. Hotel Operations Mode

Hotel Operations are typically structured as Owner-Operated, Management Contract and Franchise-based.

5.3.1. Owner Operated

Owner Operated structure is where the hotel owner is also operating the hotel for owner's benefit. This is applicable to the ITC's owned hotels, operated by ITC under its brands. Hotels may be owned on freehold or leasehold basis.

5.3.2. Management Contract

Management Contract structure comprises operation by a hotel management company, such as ITC, of hotels owned by other parties. The hotels are marketed and operated for the benefit of the owner, generally using the brand (including loyalty program) of the hotel management company. The hotel management company is paid fees for its management and brand. Some management companies serve as third-party operators, managing hotels under a brand franchise obtained by the hotel owner.

5.3.3. Franchise

Franchise-based structure comprises use by a hotel owner of the brand of a hotel company that provides use of the brand, associated loyalty program, and defined sales and marketing supporting to the hotel owner, against a franchise fee payable to the hotel company. The hotel may be owner managed or managed by another hotel company.

5.4. Focus Segments and Markets

5.4.1. This report focuses on segments and markets in which ITC has its hotels and projects. In Table 6 we have summarised by segments the number of hotels and rooms under chain ownership and under management contracts with ITC.

Table 6- ITC Existing Hotels & Projects

Segment	Owned			Managed			Total		
	E	P	Tot	E	P	Tot	E	P	Tot
Domestic Hotels									
Hotels									
Luxury	15#	-	15	2	1	3	17	1	18
Upper Upscale & Upscale	9##	1@@	10	76	35	111	87	36	121
Upper-Midscale	1@	-	1	35	8	43	36	8	44
Total	**25**	**1**	**26**	**113**	**44**	**157**	**138**	**45**	**183**
Rooms									
Luxury	4,437	-	4,437	181	223	404	4,618	223	4,841
Upper Upscale & Upscale	1,019	219	1,238	4,465	2,795	7,260	5,484	3,014	8,498
Upper-Midscale	77	-	77	2,470	613	3,083	2,547	613	3,160
Total	**5,533**	**219**	**5,752**	**7,116**	**3,631**	**10,747**	**12,649**	**3,850**	**16,499**
International Hotels									
Hotels	1	-	1	1	1	2	2	1	3
Rooms	250	102	352	66	348	414	316	450	766
Overall									
Hotels	**26**	**1**	**27**	**114**	**45**	**159**	**140**	**46**	**186**
Rooms	**5,783**	**321**	**6,104**	**7,182**	**3,979**	**11,161**	**12,965**	**4,300**	**17,265**

 # Comprises two hotels each in Mumbai, Delhi NCR, Bengaluru, Kolkata and Hyderabad; one hotel each in Chennai, Ahmedabad, Goa, Jaipur and Agra;
Comprises one hotel each in Delhi NCR, Chennai, Bengaluru, Bhubaneshwar, Amritsar, Vadodara, Coimbatore, Guntur and Port Blair
@ Ahmedabad; @@ Puri

Owned hotels include ITC Grand Central, Mumbai, which is owned by ITC Ltd and will be operated and managed by ITC Hotels Limited through an Operating Services Agreement

Outside India, ITC owns a 352 room hotel in Colombo, Sri Lanka that opened in April 2024. The hotel is operational with 250 rooms; the remaining 102 rooms are expected to be operational in Q4-FY25. ITC manages a hotel in Bhaktapur, Nepal and has one hotel in pipeline in Kathmandu, Nepal.

Thus, ITC has total existing inventory of 140 hotels (12,965 rooms) and total pipeline of 4,300 rooms comprising 46 hotels (4,097 rooms) and capacity expansion of its hotels in Bhubaneshwar and Colombo (additional 203 rooms).

16 luxury hotels owned by ITC, including the hotel in Colombo, have an exclusive franchise licence with various affiliates of Marriott International Inc., USA ("Marriott") for 'The Luxury Collection' brand. 1 upper upscale hotel in India owned by ITC has a franchise licence from Marriott for the 'Sheraton' brand. This provides ITC access to Marriott's strong global distribution network and Marriott Bonvoy international loyalty & rewards program which has 210 mn members as at 30 June 2024. ITC also has its own loyalty program 'Club ITC'.

Strong and consistent sustainability initiatives in the areas of energy conservation, use of renewable energy and water use efficiency, with LEED Platinum certification for multiple ITC hotels, enables positive competitive recognition and contributes to improved profitability.

5.4.2. The overview of supply and demand herein focuses on the luxury, upper upscale and upscale, and upper midscale segments in which ITC has its hotels and projects. Inventory data for provided for chain-affiliated hotel rooms existing as of 30 September 2024 and pipeline hotels signed as of 15 November 2024.

5.4.3. Data in this report is separately presented on All India basis, for Key Markets and for Select Markets.

5.4.4. Key Markets comprise the top ten markets in India in terms of hotel room inventory. These are

- Top three metro cities - Mumbai Metropolitan Region, Delhi NCR, Bengaluru
- Other three metro cities - Chennai, Hyderabad and Kolkata
- Other Key Markets - Ahmedabad, Pune, Jaipur and Goa.

5.4.5. Select Markets are markets where ITC has an owned hotel or has an owned hotel project in pipeline. ITC owns hotels in multiple markets. We have therefore bifurcated the Select Markets in two groups. These are

- Core Select Markets – All Key Markets except Pune
- Other Select Markets – Agra, Amritsar, Bhubaneshwar, Coimbatore, Guntur, Port Blair and Vadodara

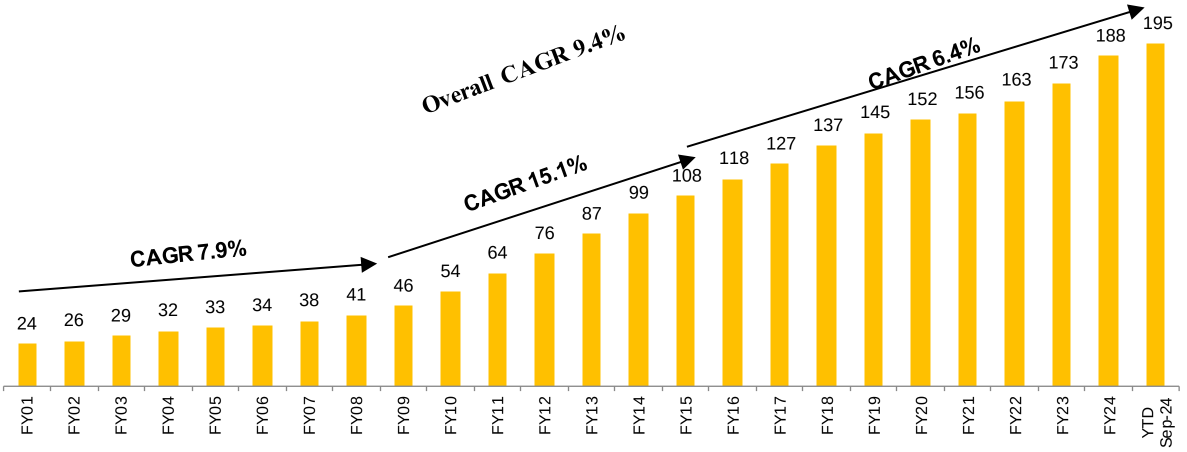
5.4.6. In this report Compound Annual Growth Rate (CAGR) between a financial year (start year) and another financial year (end year) is calculated from 31 March of the start year to 31 March of the end year, unless a different set of dates is indicated for any specific item.

5.5. All India & Select Markets – Overall Supply

5.5.1. All India – Chain Affiliated Supply

India had 195k chain-affiliated rooms as at end YTD Sep-24. This room inventory has grown at a CAGR of 9.4% since FY01. Chart 25 below reflects overall All India Chain affiliated hotel room supply.

Chart 25: All India Chain Affiliated Rooms Supply (in '000s)



Source: Horwath HTL

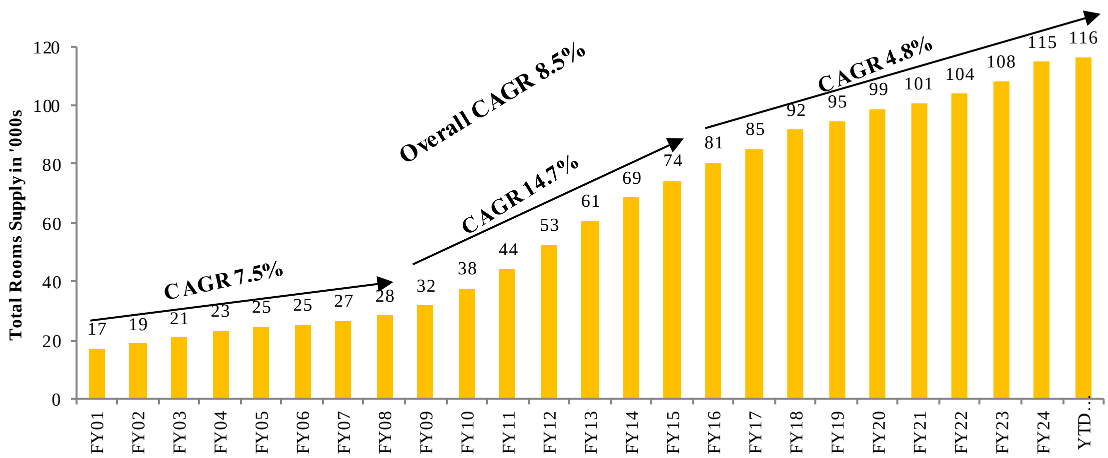
Major supply growth occurred between FY08-FY15, fuelled by strong business conditions and positive Occupancy and Average Daily Rate (ADR) trends from FY05 through initial months of FY09. On the other hand, moderate demand and economic activity from FY10 through FY14 was not supportive of new project commitments causing slower supply growth for FY16-FY23; this was exacerbated by the Covid pandemic. 9.4% CAGR between FY01 and YTD Sep-24 (over 23 years) reflects material supply addition, although off a small supply base as at FY01. 7k rooms have been added in H1-FY25.

About 67k rooms were added in the seven years from start of FY09 to end of FY15 and about 36k rooms in the four years from start of FY21 to end of FY24. Supply addition in these eleven years comprises 62% of supply creation over the last 24 years.

5.5.2. Select Markets – Chain Affiliated Supply

Supply growth, aggregated across the Select Markets is reflected in Chart 26 below. Supply addition between start FY09 and end FY15 was 46k rooms. Supply addition between start of FY16 and as of YTD Sep-24 was similar at 42k rooms.

Chart 26: Select Chain Affiliated Rooms Supply



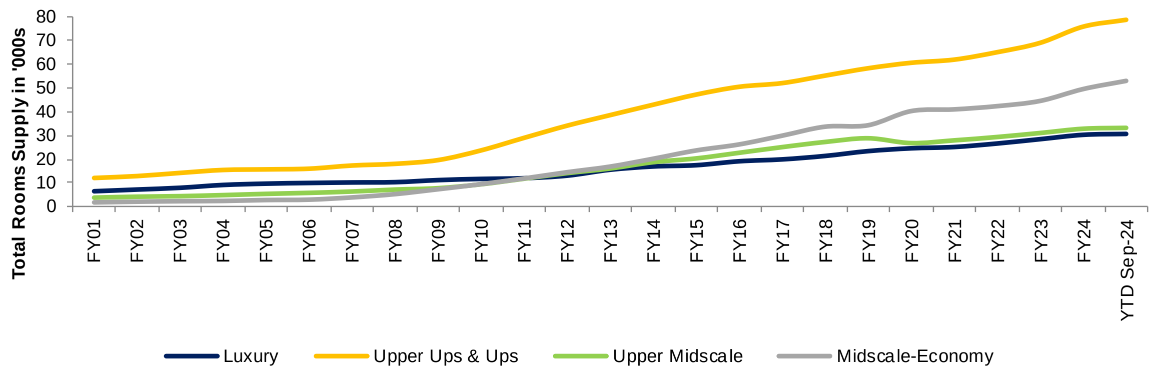
Source: Horwath HTL

Aggregate supply in Select Markets, at 116k rooms as at Sep-24, comprises 60% of all India supply; ITC has 7% share of supply in Select Markets.

5.6. All India - Segmental Supply

5.6.1. Segmental supply has evolved significantly since FY01, and continues to do so, as reflected in Chart 27 and Table 6.

Chart 27 - All India Chain Affiliated Rooms Supply – Luxury, Upper Upscale & Upscale, Upper Midscale, and Midscale-Economy Segments



Source: Horwath HTL

The pace of growth in Luxury and Upper Upscale and Upscale segments was similar between FY01 and FY10. From FY11 onwards the pace of growth in upper upscale and upscale segments and mid-scale economy segments was faster than luxury and upper midscale segments. It reflects diversification of demand and deepening of demand at varied price points.

Table 7 – Segmental Composition (Inventory in 000s)

							CAGR			
Category	**FY01**	**FY08**	**FY15**	**FY24**	**YTD Sep-24**	**FY29**	**FY01-08**	**FY08-15**	**FY15-24**	**YTD Sep24-FY29**
Luxury	6	10	17	30	31	47	6.9%	7.9%	6.2%	9.8%
Upper Ups & Ups	12	18	47	76	79	115	5.9%	14.8%	5.4%	8.7%
Upper Midscale	4	7	20	33	33	50	9.7%	16.1%	5.5%	9.7%
Midscale-Economy	2	5	24	50	53	79	17.2%	24.2%	8.6%	9.2%
Total	**24**	**41**	**108**	**188**	**195**	**290**	**7.9%**	**15.1%**	**6.3%**	**9.2%**
% of Total										
Luxury	26.9%	25.3%	16.0%	16.0%	15.7%	16.1%				
Upper Ups & Ups	50.3%	44.3%	43.5%	40.3%	40.3%	39.5%				
Upper Midscale	15.6%	17.6%	18.7%	17.4%	17.0%	17.3%				
Midscale-Economy	7.2%	12.8%	21.8%	26.3%	27.1%	27.1%				

Note: The CAGR data in table 6 above is presented on FY basis to provide a more comprehensive picture.

Supply composition has evolved towards greater segmental balance, with lesser concentration of the Upper Tier segments, and increased supply share and footprint for Upper Midscale and Midscale-Economy segments. A similar trend is broadly expected through FY29 with Upper Midscale and Midscale-Economy segments having about 45% share of new supply between Sep-24 and FY29.

In absolute numbers, the Luxury, Upper Upscale & Upscale, Upper Midscale and Midscale-Economy segments added about 25k, 67k, 29k, and 51k rooms respectively between FY01 and Sep-24. (Note: segmental inventory decline in some years is mainly due to brand re-classification/positioning change). Midscale and Economy segment had the largest CAGR growth (FY01-YTD Sep24) at 15.7%, contributing 30% to total addition of rooms since FY01. During this period the contribution in absolute terms was highest with 67k rooms for Upper Upscale & Upscale Segments.

5.6.2. Upper Tier hotels contribute higher share of revenue

Lux-UpperUp hotels remain extremely relevant to the hotel sector, as reflected by its materially larger contribution to rooms revenue, due to its superior pricing and quality. Refer Table 8 for segmental revenue share in CY23. Existing Lux-UpperUp hotels will benefit from a moderate segmental pipeline particularly in major metro cities.

Table 8 – Segmental Revenue Share

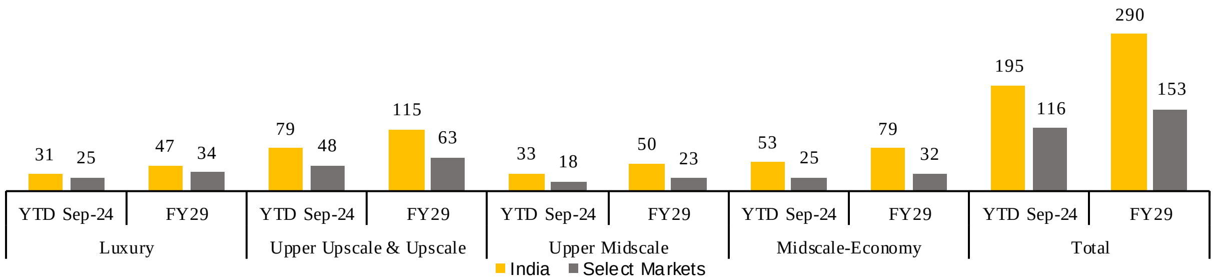
Positioning	Supply Share	Revenue Share
Lux-UpperUp	34%	55%
Up-UpMid	39%	34%
M-E	26%	11%

Source: Horwath HTL

5.7. All India - Expected Supply upto FY2029

Per data based on announcements upto 15 November 2024, 95k rooms are expected to be added between 1 October 2024 and 31 March 2029. Given the past track record of materialised supply being at a slower rate, actual inventory growth may be smaller or may be delayed from the year in which it is presently indicated. On the other hand, newer conversion efforts may cause some growth to happen somewhat speedily to partially compensate any delays in materialisation of the inventory pipeline of 95k rooms.

Chart 28 - Expected Inventory (Rooms in 000s)



Source: Horwath HTL

New supply between 1 October 24 and 31 March 29 for Select Markets is 38% of the total new supply, with 36k rooms being added through March 29. The overall supply share of Select Markets will drop from its current level of 60% to 53%. Select Markets include nine of the ten Key Markets. Decline in Select Market supply share indicates the relatively slow supply growth in Key Markets as compared to Other Markets.

Of the new supply 34% will occur in Key Markets and 66% will occur outside the Key Markets. The wider spread of new supply will likely satisfy latent demand and generate new demand.

Key Markets and several Select Markets are major business centres, with material potential for demand growth. Limited supply pipeline in these markets over the next 5 years will provide occupancy and ADR benefits for existing hotels.

Segmental Share of Select Markets supply to total supply is in the Table 9.

Table 9 – Segmental Share of Select Markets Supply to Total Supply

Segment	YTD Sep-24	FY29
Luxury	82%	73%
Upper Upscale and Upscale	61%	55%
Upper Midscale	54%	47%
Midscale-Economy	47%	41%
Overall	**60%**	**53%**

About 24% of new supply in Select Markets between 1 October 24 and 31 March 29, will be in the Luxury segment; 40%, 16% and 20% in the Upper Upscale & Upscale, Upper Midscale and Midscale-Economy segments respectively.

5.8. Supply Spread & Analysis

5.8.1. By Market Category

The Key Markets have 58% of rooms supply as at YTD-Sep24, declining from 69% supply share at end FY15. Hotel rooms supply across market categories is summarised in Table 10.

Table 10 – Supply Distribution

Market Category	FY01	FY15	FY24	YTD Sep24	FY29	FY01	FY15	FY24	YTD Sep24	FY29
	Supply (Rooms in '000s)					Demand (Rooms in '000s)				
3 Main Metros	10	41	59	60	78	NA	25	39	41	61
3 Other Metros	3	15	23	22	27	NA	9	15	15	20
Other Key Markets	3	18	30	31	40	NA	11	19	19	29
Total Key Markets	**16**	**75**	**111**	**113**	**145**	NA	**45**	**73**	**75**	**110**
Other Markets	8	34	77	82	145	NA	16	43	41	82
Grand Total	**24**	**108**	**188**	**195**	**290**	NA	**61**	**116**	**116**	**192**
	% Share on All India Supply					Occupancy				
3 Main Metros	40.1%	38.1%	31.3%	30.6%	26.8%	NA	62%	68%	69%	78%
3 Other Metros	14.3%	14.2%	12.0%	11.5%	9.4%	NA	59%	67%	67%	75%
Other Key Markets	12.1%	16.8%	15.9%	15.8%	13.8%	NA	62%	66%	62%	71%
Total Key Markets	**66.5%**	**69.1%**	**59.2%**	**57.9%**	**50.0%**	NA	61%	67%	67%	76%
Other Markets	33.5%	30.9%	40.8%	42.1%	50.0%	NA	47%	56%	50%	57%
Grand Total / Average	***100%***	***100%***	***100%***	***100%***	***100%***	NA	***56%***	***62%***	***60%***	***66%***

Source: Horwath HTL; Note: Other Key Markets are Pune, Ahmedabad, Jaipur and Goa

Table 11 – Supply Distribution – All Markets and Select Markets

Market Category	Room Count ('000)					% Share on All India Supply				
	FY01	FY15	FY24	YTD Sep24	FY29	FY01	FY15	FY24	YTD Sep24	FY29
Total Key Markets	16	75	111	113	145	66.5%	69.1%	59.2%	57.9%	50.0%
Other Markets	8	34	77	82	145	33.5%	30.9%	40.8%	42.1%	50.0%
Grand Total	**24**	**108**	**188**	**195**	**290**	**100%**	**100%**	**100%**	**100%**	**100%**

Market Category	Room Count ('000)					% Share on All India Supply				
	FY01	**FY15**	**FY24**	**YTD Sep24**	**FY29**	**FY01**	**FY15**	**FY24**	**YTD Sep24**	**FY29**
Core Select Markets	15	69	104	106	137	64.8%	63.7%	55.2%	54.1%	47.1%
Other Select Markets	2	5	11	11	16	7.3%	5.0%	5.7%	5.5%	5.6%
Select Markets - Total	**17**	**74**	**115**	**116**	**153**	**72.1%**	**68.6%**	**60.9%**	**59.5%**	**52.7%**

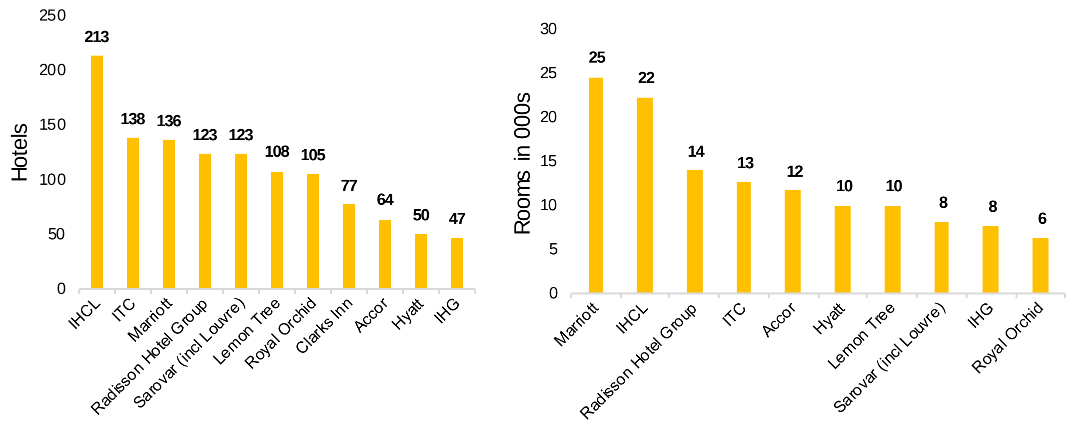
Source: Horwath HTL; Note: Other Key Markets are Pune, Ahmedabad, Jaipur and Goa

- Supply at the 3 Main Metros is nearly 2.7 times the Other Metros; Other Key Markets have materially larger inventory than the Other Metros.
- ITC has 56% of its aggregate inventory (owned and managed) in the Key Markets and 44% in Other Markets. In terms of supply share as at YTD Sep24, ITC has 6% supply share at all-India level, 6% and 7% supply share respectively in the Key Markets and Other Markets.
- 18 out of 25 existing ITC owned hotels are in Key Markets. Of the total ITC portfolio of 138 operational hotels 46 hotels are in Key Markets and 92 hotels are in Other Markets.
- The Key Markets led supply creation between FY01-FY15. Thereafter, 38k rooms have been added in the Key Markets and 48k rooms in Other Markets. Among all Key Markets, a little over 50% supply growth over the next 5 years will only be at the 3 Major Metros [Delhi NCR, Mumbai and Bengaluru – 6k, 5.6k and 6k rooms respectively], about one-sixth in the other 3 metros, and nearly 1/3rd in the Other Key Markets.
- Supply spread to Other Markets is an important evolution of the industry with 74k rooms added between FY01 and Sep-24 and another 63k expected to be added by FY29. This will support and foster continued all-India demand growth. Increased urbanisation and improved air / road infrastructure have enabled supply creation in Other Markets in the last 9 ½ years with 56% share of supply addition in this period. Hotels in Other Markets tend to be smaller and concentrated at the mid-segment and upscale levels.
- Supply addition in the Select Markets comprised 57k rooms between FY01-FY15 and 42k rooms thereafter through Sep-24. Core Select markets contributed 91% of the total supply addition at Select Market. Within Core Select Markets, overall supply growth was led by Top 3 Metros (50k rooms), Chennai and Goa which cumulatively added 16k rooms, while Hyderabad, Jaipur, Ahmedabad, and Kolkata added 23k rooms cumulatively. Pipeline share of Select Markets is 36k rooms.
- For the Select Markets the total supply increased by 4.8% CAGR between FY15 and YTD Sep-24. CAGR for 10 of 17 Select Markets was higher than the average of 5.1%.
- While supply expansion outside the Key Markets and segmental spread of supply reflects increasing market maturity and potential for wider demand growth, the resultant changing supply composition restricts market wide rate growth due to a larger share of mid-segment hotels.

5.8.2. By Hotel Chains

Supply of top 10 chains as of Sep-24 is summarised in Chart 29

Chart 29: Rooms (in 000s) and hotels Inventory of Top 10 Chains

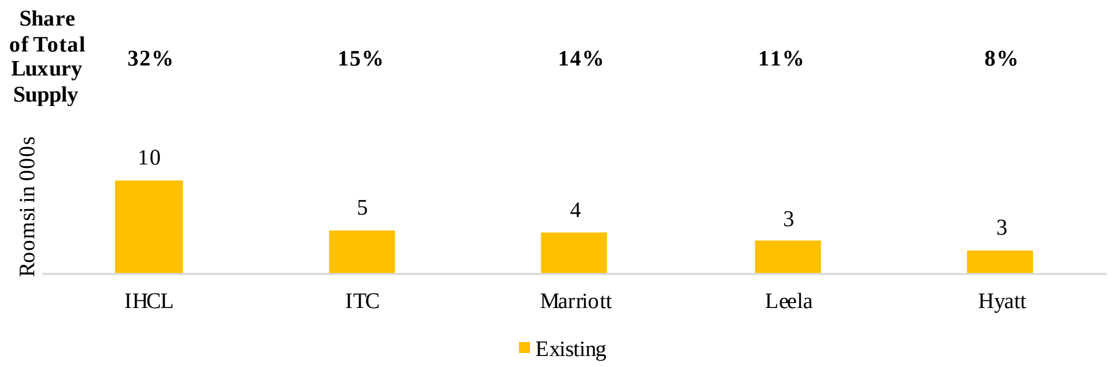


Notes: (a) Inventory reflects chain-affiliated hotels and rooms in India. Hotels owned and / or managed by domestic chains outside India are not considered (b) Marriott excludes hotels under franchise with ITC; these are included under ITC; (c) Louvre Group includes Sarovar
Source: Horwath HTL

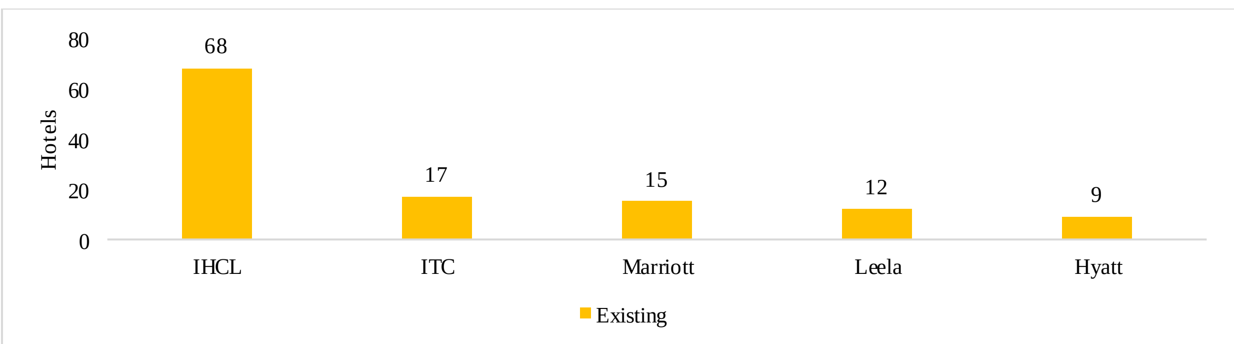
- About 65% of total inventory is controlled by the top 10 chains
- Marriott, IHCL, ITC and Radisson Hotel Group are the 4 largest chains in India. ITC is the second largest hotel chain in terms of number of hotels (reflecting a wider location spread) and the fourth largest hotel chain in India by way of number of rooms.

Supply of top 5 chains by luxury hotel rooms as of Sep-24 is summarised in Chart 30

Chart 30 - Top 5 Chains by Luxury Rooms Inventory (in 000s)



Notes: (a) Marriott excludes hotels under franchise with ITC; these are included under ITC; (b) Louvre Group includes Sarovar;
Source: Horwath HTL



Notes: (a) Marriott excludes hotels under franchise with ITC; these are included under ITC; (b) Louvre Group includes Sarovar;
Source: Horwath HTL

- Top 5 chains have 80% supply share of luxury hotel rooms, with ITC having 15% share and second only to IHCL.

5.8.3. By Foreign and Domestic Chain Affiliation

Between FY01-FY24, Foreign chains have gained material supply share through multiple brands. Hotel development by a widening group of investors and owners has provided the asset base that suits the management / franchise model sought by foreign chains.

Table 12 - Foreign & Domestic Chain Affiliated Supply

	FY01		FY15		FY24		YTD Sep-24		FY29	
	Domestic	**Foreign**	**Domestic**	**Foreign**	**Domestic**	**Foreign**	**Domestic**	**Foreign**	**Domestic**	**Foreign**
Overall	**80%**	**20%**	**55%**	**45%**	**55%**	**45%**	**56%**	**44%**	**54%**	**46%**
Lux	100%	0%	67%	33%	67%	33%	67%	33%	60%	40%
Up-Ups & Ups	74%	26%	38%	62%	36%	64%	36%	64%	37%	63%
Up-Mid	75%	25%	68%	32%	52%	48%	53%	47%	47%	53%
Mid-Eco	55%	45%	70%	30%	77%	23%	79%	21%	80%	20%

Source: Horwath HTL

- At end Sep-24, foreign chains operate / franchise about 44% of the chain affiliated hotel rooms in India. Their market share has remained at 44% to 47% for the last about nine years, with no significant change through FY29.
- Foreign chains expanded by aggressively pursuing management contracts, offering multiple brands and supporting the development of hotels with larger rooms inventory and function spaces.
- Several asset heavy domestic chains have gradually shifted to an asset-light or hybrid model (combination of owned properties and management contracts) to enable expansions. Domestic chains have added brand range and successfully positioned products and brands in the Upper Upscale & Upscale, Mid-Segment and Economy segments enabling larger share of new supply in these segments since FY15.
- Domestic chains have traditionally been asset heavy but are now actively transitioning to asset light model.

Table 13 - Foreign & Domestic Chain Affiliated Supply – By ownership structure

Category	FY01		FY08		FY15		YTD Sep-24		FY29	
	Chain-owned	**Managed**	**Chain-owned**	**Managed**	**Chain-owned**	**Managed**	**Chain-owned**	**Managed**	**Chain-owned**	**Managed**
Domestic	88%	12%	80%	20%	64%	36%	45%	55%	33%	67%
International	4%	96%	2%	98%	2%	98%	1%	99%	1%	99%
Overall	**70%**	**30%**	**59%**	**41%**	**36%**	**64%**	**25%**	**75%**	**19%**	**81%**

5.8.4. By Size

Table 14a – Analysis by inventory size – All Segments

Inventory Size	Hotels	%	Rooms (in 000s)	%
<100	1,419	*68%*	71.9	*37%*
100-250	570	*27%*	84.9	*43%*
250-400	86	*4%*	26.5	*14%*

Inventory Size	Hotels	%	Rooms (in 000s)	%
400-500	16	*1%*	6.9	*4%*
500 +	9	*0%*	5.3	*3%*
Total	**2,100**	*100%*	**195.5**	*100%*

Source: Horwath HTL

- ITC Grand Chola, Chennai is the second largest chain-owned hotel in India, the second largest luxury hotel in India and one among only 3 hotels with 600 or more rooms.

Table 14b – Analysis by inventory size – Luxury Segment

Inventory Size	Hotels			Rooms (in 000s)		
	Chain Owned	Managed	Total	Chain Owned	Managed	Total
<100	27	36	63	1.4	2.0	3
100-249	31	30	61	5.3	5.1	10
250-399	12	20	32	3.9	6.3	10
400-499	4	4	8	1.8	1.7	3
500 +	2	3	5	1.3	1.8	3
Total	**76**	**93**	**169**	**14**	**17**	**31**

Source: Horwath HTL

- ITC has 2 of the 4 chain-owned luxury hotels with room inventory between 400 to 499; these are ITC Maurya in New Delhi and ITC Royal Bengal in Kolkata.
- ITC has 23% share of rooms inventory among the 13 hotels with 400 or more rooms in India, including 49% share of owned rooms inventory in this category.

Size analysis for the relevant segments is presented below:

Table 14c –Segmental analysis by average inventory size (Rooms in 000s)

Segment	Hotels	Rooms	Avg Rooms / Hotel
Luxury	173	31	177
Upper-Up & Upscale	643	79	122
Upper-Mid	403	33	82
Mid-Eco	881	53	60
Total	**2,100**	**195**	**93**

Source: Horwath HTL

Except ITC Grand Bharat, all other ITC owned luxury hotels are materially larger than the related segmental average.

5.9. By Ownership

Chain ownership (including lease) of hotel rooms has reduced from 71% at end FY01 to 25% at end Sep-24. Private developers and institutional capital have been instrumental in asset creation over the last about 20 years, although there is very limited ownership concentration.

Table 15 – Ownership Pattern – as at YTD Sep-24

	Hotels	%	Rooms ('000)	%
Chain Owned	442	*21%*	49	*25%*
Developer / Investor	1,658	*79%*	146	*75%*
Total	**2,100**		**195**	

Source: Horwath HTL

Hotels with majority ownership/control of private developers are not considered as chain-owned. For clarity, hotels with investments by affiliate / group entity of Accor, Hyatt and Radisson are not considered as chain-owned as the hotel chains do not have controlling interest in the respective companies. The ownership pattern is further analysed in Table 15.

Table 16 – Ownership Pattern by Category – as at FY24

Ownership Structure	Hotels	Rooms (in 000s)	Avg Size
Chain Owned	442	49	112
Major Private Asset Owners[1]	190	36	187
Other Private Asset Owners[2]	1,434	105	73
Institutions[3]	34	6	163
Total	**2,100**	**195**	**93**

1 *Major private hotel asset owners comprises group companies owning more than 500 rooms*

2 *Other Private hotel asset owners comprises group companies owning less than 500 rooms*

3 *Institutions comprises hotels where a majority is owned by institutional investors*
Source: Horwath HTL

Major private hotel asset owners have invested in some large format assets; the larger average size of hotels for this ownership category is reflective of the investment appetite, vision and opportunity in India. 5 of the nine hotels with over 500 rooms, and 9 of sixteen hotels with 400 to 499 rooms inventory are owned by major private hotel asset owners. On the other hand, several chains have invested significantly in the mid-segment and economy segments where hotels typically have lesser inventory.

Of the Chain Owned hotels, 62% of rooms are in Core Select Markets, while 8% of rooms are in Other Select markets. ITC has 15%[56] and 22% share respectively of chain owned hotel rooms in the Core Select Markets and Other Select Markets.

Asset Ownership Benefits

An asset-ownership based model has several merits particularly in terms of (a) asset appreciation; (b) larger earnings gains under strong market conditions, as the gross revenue and profits belong to the hotel chain; (c) advantage in creating better returns, if land banks are available at historical costs; (d) the ability to create and showcase the value and profitability of differentiated products. While situations such as the Covid pandemic create cash flow stress from asset ownership, to cover fixed costs and debt service burdens, the full flow-through of revenues is also an advantage when business recovers.

Several of the hotel chain entities and some developer/investor-controlled entities are listed companies. Analysed on that basis, the ownership pattern emerges as:

Table 17 – Ownership by listed/unlisted companies – as at Sep-24

Ownership	Listed companies		Unlisted companies		Total	
	Hotels	Rooms (000s)	Hotels	Rooms (000s)	Hotels	Rooms (000s)
Hotel Chains	267	35	175	14	442	49
Developer / Investor	94	19	1,564	127	1,658	146
Total	**361**	**55**	**1,739**	**141**	**2,100**	**195**

Source: Horwath HTL

[56] *Includes hotel owned by ITC Limited*

Listed companies comprise (a) hotel companies which are listed companies or subsidiaries of listed companies; and (b) other large listed companies which inter alia have a dedicated hotel portfolio. Listed companies which may inter alia own a hotel asset have generally not been included and are grouped in the table above under unlisted companies.

Table 17 summarises top ten chains in Indian by hotel ownership.

Table 18– Chain Ownership

Chain	Owned Rooms - Luxury (000s)	Owned Rooms (000s)	Total Rooms (000s)	Ownership Share	Owned – Avg keys / hotel
IHCL	5.8	12.7	22.3	57%	118
ITC	4.4	5.5	12.6	44%	221
EIH	1.3	3.2	3.9	81%	158
Leela	1.2	1.2	3.4	36%	243
Lemon Tree	0.8	5.8	10.0	58%	139
Bharat Hotels	-	2.3	2.4	95%	161
Kamat Hotels	-	1.6	1.7	94%	111
Apeejay Surendra Group	-	1.3	2.4	56%	122
Pride Hotel	-	1.2	2.5	49%	151
Royal Orchid	-	1.1	6.3	18%	93
Total	**13.6**	**35.9**	**67.4**	**53%**	**260**

Source: Horwath HTL

Note: ITC includes ITC Grand Central, Mumbai owned by ITC Limited. ITC will operate and manage the hotel through an Operating Services Agreement

- Among hotel chains with asset ownership, ITC ranks as the third largest in India in terms of chain affiliated hotel rooms inventory as of 30 September 2024. There is material concentration with Top 3 chains which together own three-fourths of total chain owned hotel inventory.

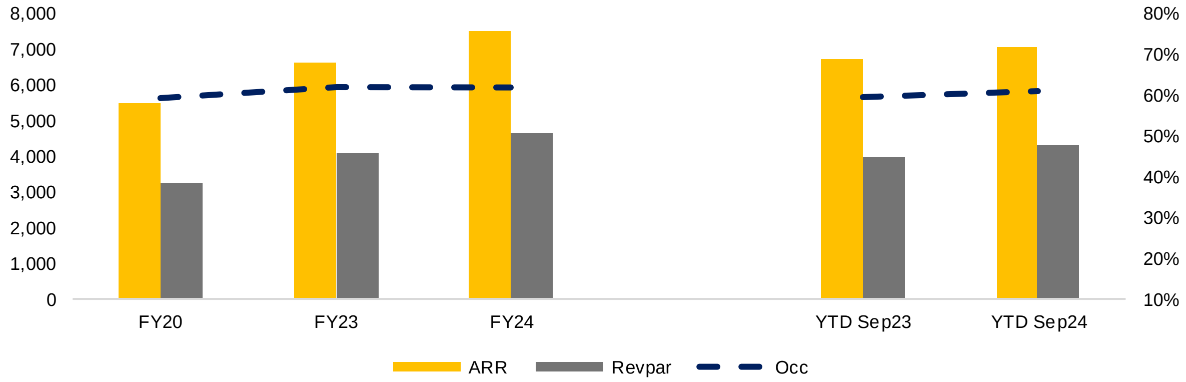
6 India - Performance Analysis

6.1. India Performance

In this section we provide an analysis of the performance of hotels on all India basis. Data is presented for the full market (comprising hotels of all positioning). Data availability varies from market to market based on extent of participation by hotels.

Chart 31 shows all-India performance of chain-affiliated hotels from FY20 through YTD Sep-24, across all segments.

Chart 31: India Performance



Source: CoStar

From a macro-perspective, the following elements emerge:

- Occupancy revived since FY16 as demand conditions improved and new inventory had slowed. The upward trend in RevPAR up to December 2019 was materially occupancy led, with improved occupancy gradually enabling ADR increases.
- The COVID-19 pandemic was a major disruption with severe travel and operating restrictions causing reduced travel across segments and a material drop in occupancies and ADR.
- Recovery started in late FY21 and continues to gain momentum giving way to strong performance through FY24.
- For FY24, ADR was at Rs. 7.5k at an occupancy of 62%. ADR for FY24 was higher by 14% compared to FY23, and by 38% compared to FY20 (pre-COVID levels)[57]
- For YTD Sep-24 ADR was at Rs.7k (+5% over YTD Sep-23) and occupancy at 61%.(similar to YTD Sep-23).[58]

6.2. Future Demand

In this section we have projected future demand. Assumptions underlying our estimates of future demand are given below:

- Estimated demand growth by market category (for this purpose markets are categorised as 10 Key Markets, other major tier 1 markets and other markets). The total estimated All India demand is an aggregate of demand from these three categories.
- We have adjusted the new hotel supply in FY24 for the period for which these hotels were open and for the expected supply from FY25 to FY27 for the period from when these hotels are expected to open. New hotels are generally on a ramp-up mode upon opening and need a certain period (generally two to four years) to achieve stable level occupancy. As new supply is added in a market it also leads to demand creation. During the ramp-up period we are basing our demand projections on partial absorption of new supply.

Supply and Demand CAGR

In the period FY15-FY24, demand growth for chain affiliated hotels in India across all segments is significantly higher than inventory growth. This trend is expected to continue between FY24-FY29. Stronger demand growth will likely cause increased hotel occupancy, and potentially support strong ADR levels.

In Table 19, we have summarised the supply and demand CAGR

Table 19 – Supply and Demand CAGR

CAGR	FY15-FY24	FY24-29
Supply CAGR	6.3%	9.1%
Demand CAGR	7.4%	10.5%

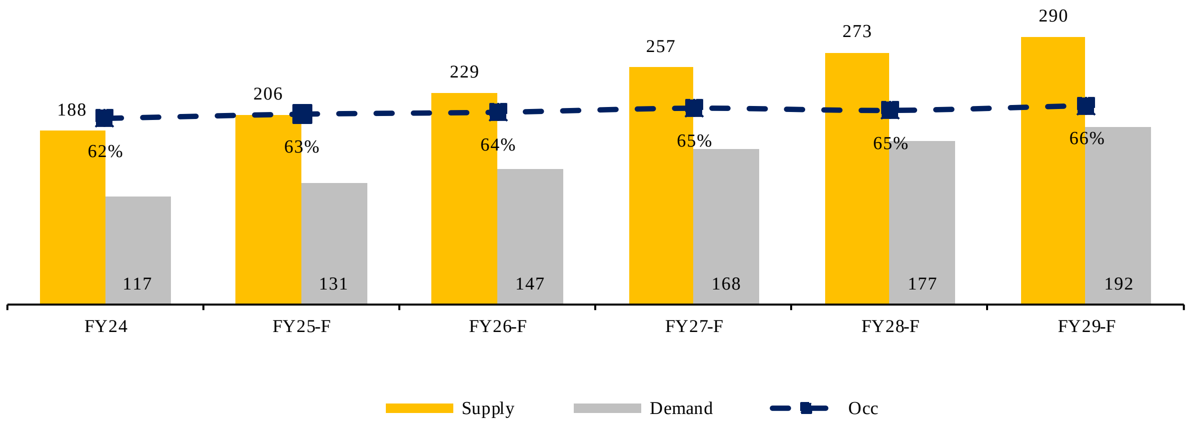
Source: Horwath HTL

Supply creation across multiple markets is expected to enable further demand growth from the new supply introduced upto FY29.

Based on Future Supply and Future Demand estimates, the occupancy estimates upto FY29 evolve as reflected in Chart 32.

[57] *CoStar*
[58] *CoStar*

Chart 32: All India – Rooms Supply vs Demand and Occupancy Estimates – (FY24–FY29)



Source: Horwath HTL

7 Select Markets – Supply and Performance Analysis

7.1. Mumbai Hotel Market

7.1.1. Key Features

Certain key aspects of Mumbai are provided in Table 20

Table 20 – Mumbai Key Aspects

Aspect	Remarks			
Key Features	Capital of Maharashtra; commercial and financial capital of India			
Area	City	437 sq km	Urban Agglomeration	6.3k sq km
Population	City	21.6 mn	Urban Agglomeration	24 mn
Mumbai GDDP - FY23	4.4 trillion INR			
Air Traffic (Pax)	FY20 – 46 mn; FY24 – 52 mn; YTD Oct 24 – 31 Mn; CAGR 3.1% Constrained by capacity; Navi Mumbai International Airport to add 20 mn capacity by end FY25, which is expected to go up to 90 mn by FY33.			
Chain Affiliated Hotel Rooms	FY20 – 13.7k, FY24 – 16.7k; YTD Sep24 – 17.2k; CAGR 5.2%			
Office Space as of 30 Sep 24	116 msf			

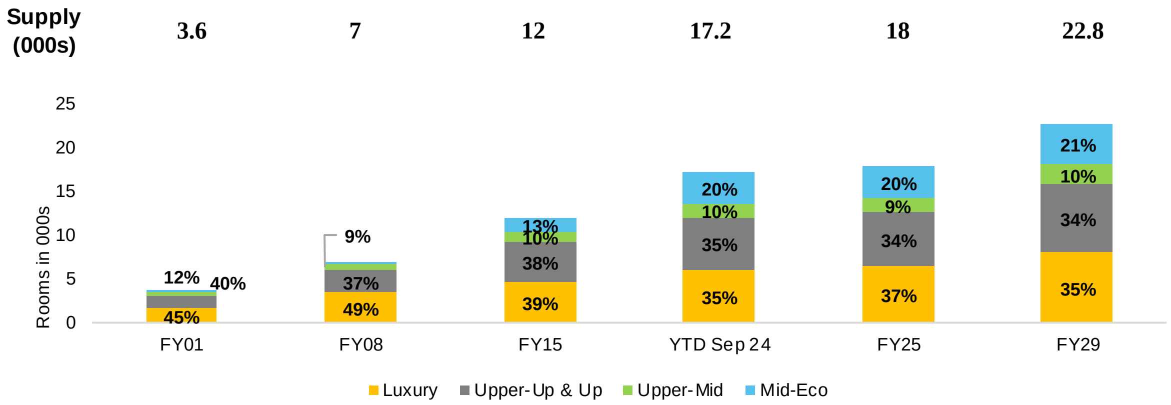
Mumbai offers vast economic opportunities drawing travel and migration. Besides being a base for several leading corporate enterprises, key sectors include BFSI, IT & ITeS, trade, commerce and port services, entertainment, retail and real estate; manufacturing has shifted to peripheral areas.

Several infrastructure developments are under implementation including multiple metro rail lines, Coastal Road (partially launched) with extension upto Virar (north-west Mumbai), Navi Mumbai International Airport, improved access roads to recently completed Atal Setu Bridge (with access enhancements to satellite areas), road connect between Borivali and Thane etc. The Jio World Convention Centre and adjacent Event Centre have added a major attraction and facility for the city.

7.1.2. Hotel Inventory

Of the chain affiliated inventory of 17.2k rooms, 2.4k rooms were added between FY23 to YTD Sep-24. The previous last major supply growth phase was 4k rooms between FY10 and FY13.

Chart 33 - Mumbai Chain affiliated Inventory – Overall and Segmental



Source: Horwath HTL

Supply is concentrated in the luxury segment, followed by the upper upscale- upscale segments. The aggregate supply share of these segments is expected to remain at about 69% through FY29. Of the luxury segment supply, IHCL, Marriott, ITC and EIH have 25%, 22%, 10% and 4.7% share respectively.

The supply pipeline of 5.6k rooms by FY29 is reasonably expected to be absorbed by organic domestic and inbound demand growth, and the demand catalysed through the Jio World Convention Centre, NMACC, opening of Navi Mumbai international airport by mid-CY2025, and increased sports related demand.

7.1.3. Market Performance

- Demand is led by business travel, MICE, weddings and crew and is materially supported by social and leisure travel. Each of these are in growth mode.
- FY24 demand of about 12.4k rooms per day was higher by 2.7k rooms over FY20, yielding average occupancy of 77%[59] and enabling a positive rate scenario. FY24 ADR was 33% higher than FY20 ADR.[60]
- Occupancy for the period YTD Sep-24 at about 75% is comparable to YTD Sep-23; YoY RevPAR growth by 9%reflects ADR growth for this period.[61]

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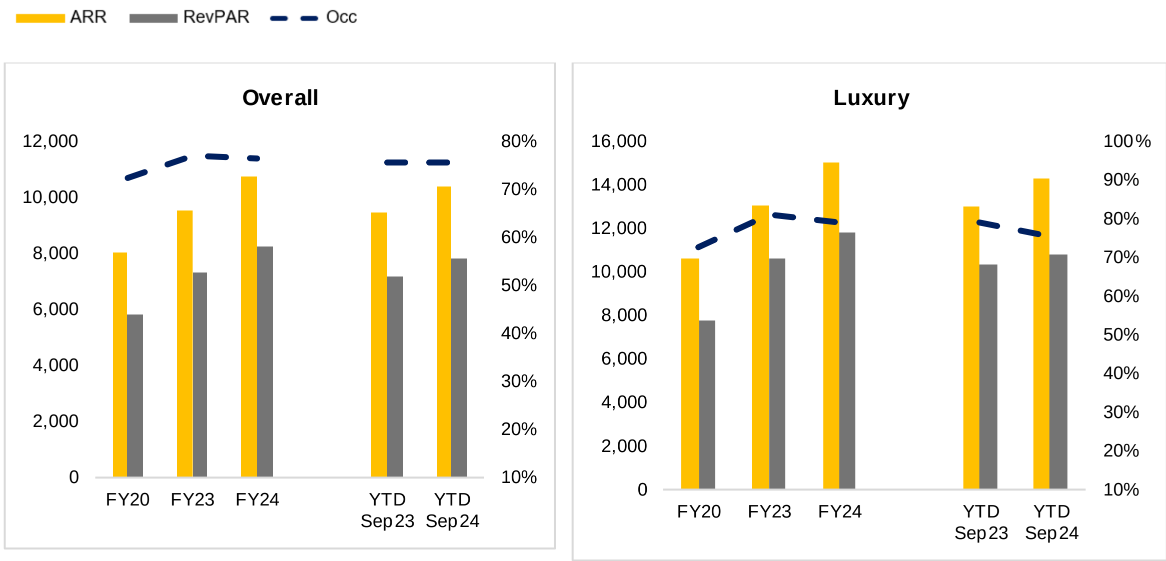
[59] *CoStar*
[60] *CoStar*
[61] *CoStar*

Chart 34: Mumbai Market Performance



Source: CoStar

7.2. New Delhi Hotel Market

7.2.1. Key Features

Certain key aspects of New Delhi are provided in Table 21

Table 21 – New Delhi Key Aspects

Aspect	Remarks			
Key Features	Political capital of India; growing business and events destination			
Area	City	42.7 sq km	Urban Agglomeration	1.5k sq km
Population	City	142k	Urban Agglomeration	16.8 mn
New Delhi GDDP - FY23	10.1 trillion INR			
Air Traffic	FY20 – 67 mn; FY24 – 74 mn; YTD Oct24 – 45 mn; CAGR 2.3%			
Chain Affiliated Hotel Rooms	FY20 – 13.3k; FY24 – 13.6k; YTD Sep24 – 13.8k; CAGR 0.7%			
Office Space as of 30 Sep 24	10 msf			

New Delhi is India's capital and an important economic and tourism centre. It has the largest airport in the country, with further expansion underway. The city, and particularly the NCR has rapidly developed as a prime business destination drawing corporate activity, IT & ITeS and the manufacturing sectors. Delhi airport presently serves the entire NCR; the upcoming Jewar airport in eastern NCR is expected to ultimately add growth potential to the overall Delhi NCR region, notwithstanding any short term impact in Delhi airport.

Delhi is part of the 'Golden Triangle' for tourism, together with Agra and Jaipur. Its hotels gain materially from wedding and MICE demand; this will deepen with 2 major facilities opened and a 3rd convention centre under development at New Delhi Aerocity. Delhi is also an important access and transit base for international and national visitors travelling to various business and leisure centres in North India.

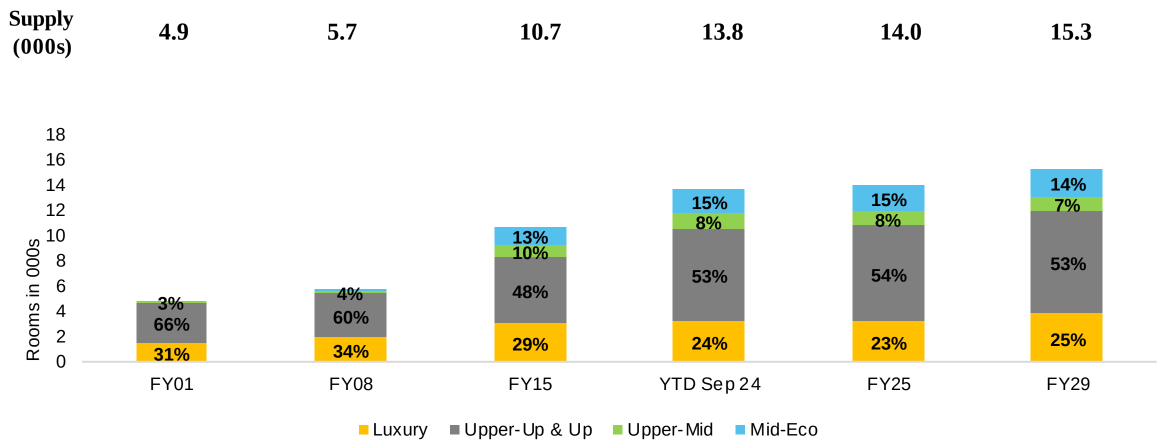
NCR areas carry much larger office spaces, which add to the 10 msf at New Delhi, and help drive business and demand in New Delhi.

7.2.2. Hotel Inventory

Of the total chain affiliated inventory of 13.8k rooms as of YTD Sep-24, 7k rooms were added between FY11 and FY17. Supply growth is across segments, with only 1.7k rooms added in the luxury segment since FY01 and no new luxury hotel opened since FY18.

The supply pipeline is limited at 1.5k rooms till FY29, including 0.6k rooms at luxury hotels (all located at Delhi airport / Aerocity). 4.1k rooms added in the Upper Upscale-Upscale segment since FY01, and the Luxury segment inventory have resulted in 77% supply share for the upper-tier hotels; this status will continue till FY29.

Chart 35 - New Delhi Chain affiliated Inventory – Overall and Segmental



Source: Horwath HTL

Among the top five chains in terms of room inventory in the luxury segment IHCL, Marriott and Leela together have 57% supply share while ITC and Hyatt 14% and 12% supply share respectively. 47% of luxury inventory is chain owned, comprising hotels of IHCL, ITC, Leela and EIH, generating profits (and not just fees) for the chains.

7.2.3. Market Performance

- Two percentage points Occupancy growth since FY20, to 70% for FY24 and through YTD Sep-24, is more than counter-balanced by 46% ADR growth between FY20 and FY24 with FY24 ADR at Rs. 9.9k[62].
- Occupancy for YTD Sep-24 at 70% was higher than YTD Sep-23 by 4.4 points, with 5% RevPAR growth.[63]
- For the luxury segment there was a significant growth in ADR and RevPAR in FY24 over FY20. ADR increased by 59% from Rs.10k in FY20 to Rs.16k in FY24 and RevPAR by 72% from Rs.7k in FY20 to Rs.12k in FY24. There was a marginal decline of 0.6% in RevPAR in YTD Sep-24 (Rs.10k) as compared to YTD Sep-23[64], because of a lower ADR which is common for the summer months.
- For Upper Upscale and Upscale segment, ADR and RevPAR increased by 39% and 54% respectively for FY24 over FY20. For YTD Sep-24 RevPAR increased by 9.4% over YTD Sep-23.[65]
- The Delhi market is expected to be in a positive mode with improved inbound travel and continued domestic travel adding demand, while the supply pipeline is only 1.5k rooms through FY29. These should benefit occupancy and ADRs.
- The DMRC led Convention Centre on Dwarka Expressway and upgraded Pragati Maidan will create significant demand basis for MICE growth in the city. City hotels will continue to benefit from weddings and MICE demand.

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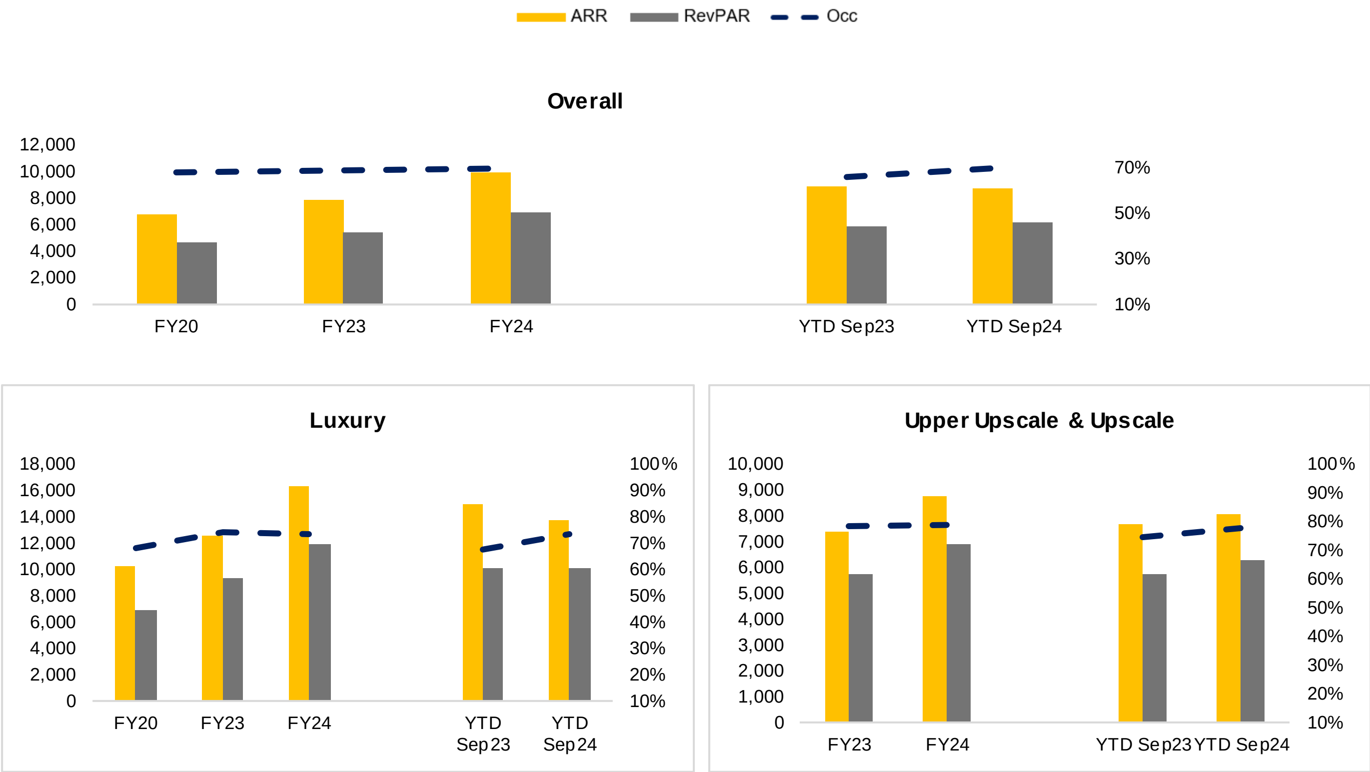
[62] *CoStar*
[63] *CoStar*
[64] *CoStar*
[65] *CoStar*

- Quality and high repute F&B outlets, with varied experiential offerings, will continue to gain traction.

Chart 36- New Delhi Market Performance



Source: CoStar

7.3. Gurugram Hotel Market

7.3.1. Key Features

Certain key aspects of Gurugram (formerly Gurgaon) are provided in Table 22

Table 22 - Gurugram Key Aspects

Aspect	Remarks			
Key Features	Major commercial and service sector hub; important constituent of NCR			
Area	City	333 sq km	Gurugram District	1.3k sq km
Population	City	1 mn	Urban Agglomeration	1.5 mn
Haryana GSDP - FY23	9.8 trillion INR			
Air Traffic (Pax)	Served by Delhi International Airport			
Chain Affiliated Hotel Rooms	YTD Sep-24 - 6.6k; expected supply for FY29 – 9.4k			
Office Space as of 30 Sep 24	89 msf			

Gurugram is a key business city in Haryana, is part of the National Capital Region (NCR), with a seamless border to New Delhi.

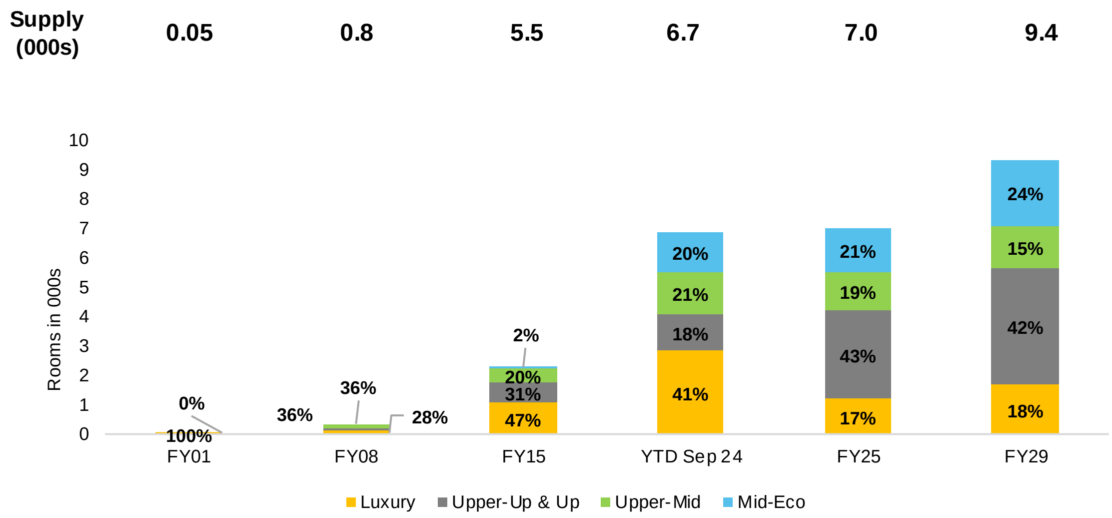
Gurugram is an important business hub, with diverse business interests – BFSI, IT and ITeS, manufacturing, corporate activity, professional services, healthcare, education, retail and entertainment and, real estate.

7.3.2. Hotel Inventory

Gurugram has 6.6k rooms as of YTD Sep-24, including 4.7k rooms opened between end of FY08 and end of FY15. Supply growth has been limited since FY15.

Upper tier hotels had 63% inventory share in FY15, 60% share as of YTD Sep-24 and estimated at 60% at FY29. Within the upper-tier, share of luxury hotels is expected to increase to 18% in FY29 from 13% in FY15. Gurugram hotels are largely business hotels; however, ITC's ITC Grand Bharat is built on 16 acres land parcel that is within a 300 acre complex. The complex also has a 27 hole signature Jack Nicklaus designed golf course over 200 acres, the only golf course in India that is a part of the Asian Tour Destinations Network.

Chart 37 - Gurugram Chain affiliated Inventory – Overall and Segmental



Source: Horwath HTL

7.3.3. Market Performance

- FY24 occupancy for the market at 65% was just 0.8 pts below FY20 occupancy. ADR for the market at Rs.8k in FY24 was 35% higher than the pre-Covid ADR of Rs.6k.[66]
- For YTD Sep-24 occupancy was 67%, about 4 points higher than YTD Sep-23, while ADR at Rs.7.6k was about 7% higher than YTD Sep-23. This has resulted in RevPAR growth of 14%.[67] Gurugram is among the few markets that has increased both occupancy and rates in YTD Sep-24.
- FY24 Luxury segment ADR at Rs. 14k was 38% higher than FY20. Luxury segment occupancy was 64% in FY24, materially below 70% in FY20[68], with no major increase in supply for this segment. On the other hand, 65% occupancy for YTD Sep-24 is almost 5 points higher and ADR at Rs. 13k is 6% higher than YTD Sep-23.[69]
- Growth in the commercial office space, completion of Mumbai – Delhi Expressway and inauguration of Dwarka Expressway will give an impetus to the manufacturing and services sector and will also lead to growth in demand.

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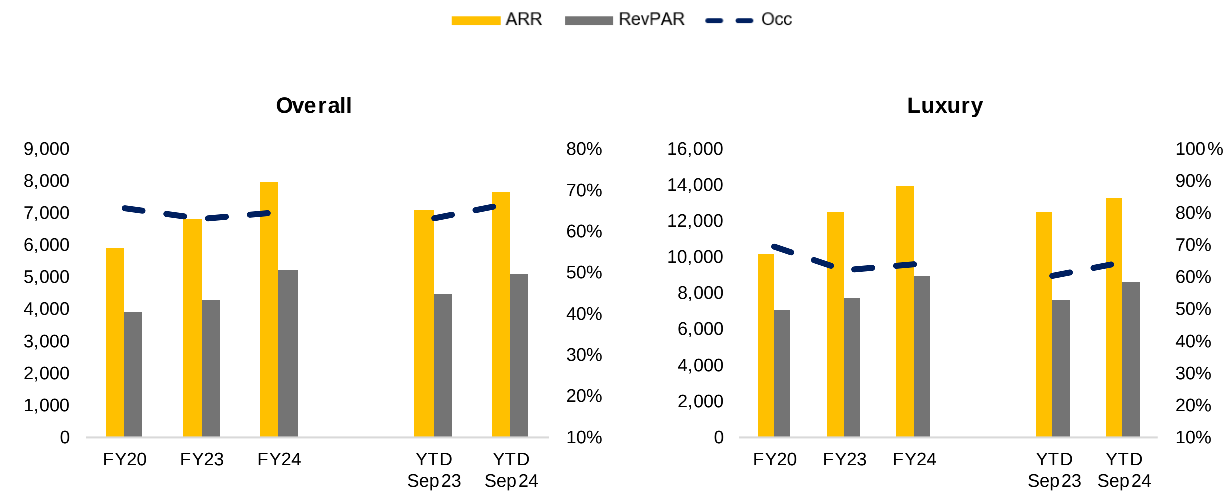
66 *CoStar*
67 *CoStar*
68 *CoStar*
69 *CoStar*

Chart 38 - Gurgaon Market Performance



Source: CoStar

7.4. Bengaluru Hotel Market

7.4.1. Key Features

Certain key aspects of Bengaluru are provided in Table 23

Table 23 – Bengaluru Key Aspects

Aspect	Remarks			
Key Features	Capital of Karnataka; IT and technology capital of India			
Area	City	709 sq km	Urban Agglomeration	2.2k sq km
Population	City	8.4 mn	Urban Agglomeration	9.6 mn
Bengaluru GDDP - FY23	8.6 trillion INR			
Air Traffic	FY20 – 32 mn; FY24 – 38 mn; YTD Oct-24 – 24 mn; CAGR 3.8%			
Chain Affiliated Hotel Rooms	FY20 – 14.5k; FY24 – 18k; YTD Sep24 – 18.1k; CAGR 5%			
Office Space as of 30 Sep 24	197 msf; among the largest in Asian cities			

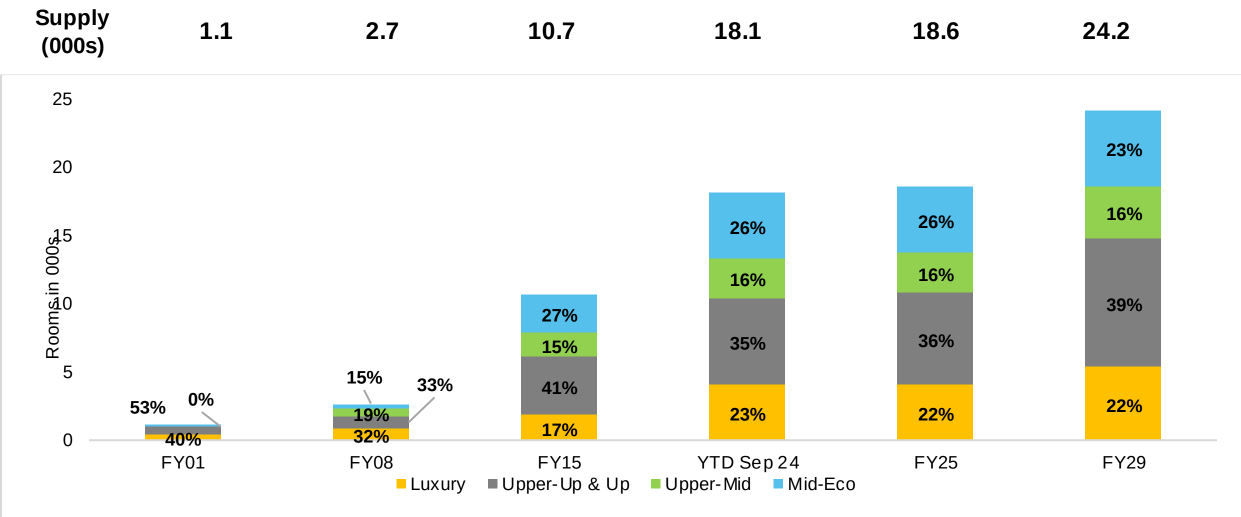
Bengaluru is the third largest urban agglomeration in India by size and referred to as the ‘Silicon Valley’ of India because of presence of strong IT and technology setup. It contributes 36% to state GDP and the per capita income at Rs. 621k is significantly higher than the national average. It has third busiest airport in India. Key sectors in Bengaluru include IT & ITeS, biosciences, pharma, manufacturing, electronics, aviation and aerospace, professional services, education, healthcare and retail.

Global Startup Ecosystem Index report issued by Israel based StartupBlink places Bengaluru as the strongest startup ecosystem in India and eighth globally. It is the largest hub of semiconductor design companies, outside the Bay Area in California. The city is also emerging as a hub for aerospace and defence activities. The presence of Global Capability Centres (GCCs) is growing in Bengaluru.

7.4.2. Hotel Inventory

On city-wide basis, Bengaluru has the largest hotel room inventory in India (18.1k rooms). Hotel inventory in Bengaluru grew at 12.6% CAGR between FY08 and FY24, and materially up to 2016. Inventory growth between FY16 to FY24 slowed to 5.1% CAGR. Bengaluru has balanced inventory across segments. As at YTD Sep-24, upper tier segments had 58% supply share; the share is likely to grow to 61% at the end of FY29.

Chart 39 - Bengaluru Chain affiliated Inventory – Overall and Segmental



Source: Horwath HTL

Among the top five chains in terms of rooms inventory in the luxury segment, IHCL, Marriott and Leela together have 61% supply share while ITC and Hilton have 13% and 7% supply share respectively. 41% of luxury rooms inventory is chain-owned with ITC having 32% share of the chain-owned inventory.

7.4.3. Market Performance

- For Bengaluru, recovery post COVID was more gradual than several other Key Markets but has continued to gain momentum as the IT sector returns to office-based working and with growing activity in the aerospace sector as global companies are setting up R&D and manufacturing bases in the Aerospace SEZ near Bengaluru airport.
- Airport passenger numbers have surpassed pre-COVID levels, having achieved 38 mn passengers in FY24.
- Continued return to office by the IT sector, and related increase in inbound travel will enable further demand accretion which will be beneficial to hotel occupancy and ADRs.
- While Bengaluru was slow to recover post COVID due to wider scale WFH, the reversal of WFH is expected to materially propel demand and related ADR growth. ADR for FY24 was 23% higher than FY20 ADR.[70]
- YTD Sep-24 ADR was at Rs. 7.5k (7% higher than YTD Sep-23), while occupancy also increased from 63% to 66%. For the luxury segment, RevPAR increased by 16% in YTD Sep-24 over YTD Sep-23.[71]
- For Upper Upscale - Upscale segment, ADR increased in FY24 by 23% and RevPAR by 27% over FY20; YTD Sep-24 RevPAR increased by 12% over YTD Sep-23.[72]

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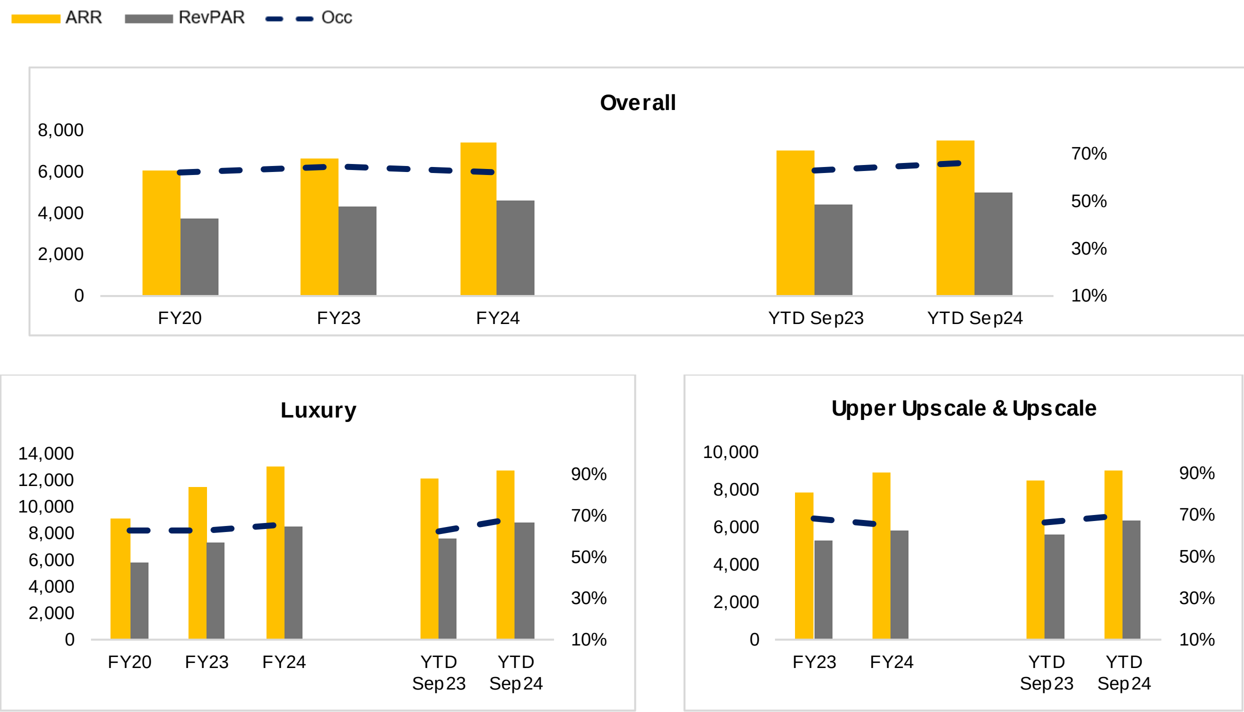
[70] *CoStar*
[71] *CoStar*
[72] *CoStar*

- Bengaluru demographics, with a growing workforce size and younger profile workforce, point to larger F&B spends at hotels with the requisite appeal.

Chart 40 – Bengaluru Market Performance



Source: CoStar

7.5. Chennai Hotel Market

7.5.1. Key Features

Certain key aspects of Chennai are provided in Table 24

Table 24 – Chennai Key Aspects

Aspect	Remarks			
Key Features	Capital of Tamil Nadu; an important business city in South India			
Area	City	426 sq km	Urban Agglomeration	1.2k sq km
Population	City	6.7 mn	Urban Agglomeration	8.9 mn
Chennai GDDP - FY23	2.9 trillion INR			
Air Traffic	FY20 – 22 mn; FY24 – 21 mn; YTD Sep24 – 13 mn; CAGR 12%			
Chain Affiliated Hotel Rooms	FY20 – 10k; FY24 – 9.7k; YTD Sep24 – 9.6k			
Office Space as of 30 Sep 24	68 msf			

Chennai has an international airport, an important port, and extensive road and rail connectivity to South India; these enable Chennai to serve as a key gateway to the region and as a rail head for passenger and cargo movement.

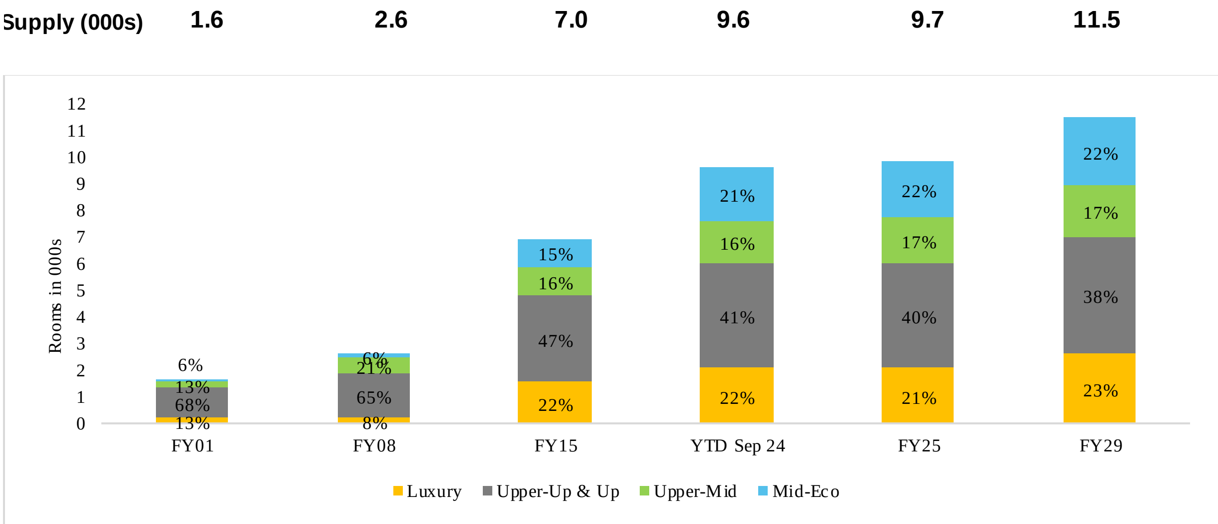
Chennai and its suburbs have multi-pronged economic activities, including manufacturing, IT and ITeS, BFSI and other services, port operations etc. OMR was specifically enhanced to develop strong operating base for IT and ITeS.

7.5.2. Hotel Inventory

Chennai has total chain affiliated inventory of 9.6k rooms as at YTD Sep-24. Addition of 4.3k rooms between FY08 and FY15 led to pressure on rates, performance and subpar return on investments. As a result, no major projects were planned after FY17, causing a supply slowdown from FY20.

Supply is reasonably balanced, with 22% share for the luxury segment, 41%, 16% and 21% share for the upper upscale & upscale, upper midscale, and midscale-economy segments respectively.

Chart 41 - Chennai Chain affiliated Inventory – Overall and Segmental



Source: Horwath HTL

Chain owned rooms inventory is 35% of total supply, with IHCL and ITC at 32% and 20% of chain owned supply. These two chains have 44% and 36% of luxury segment supply. ITC Grand Chola is the largest luxury hotel in Chennai and one of only 3 hotels in India with 600 and more rooms.

7.5.3. Market Performance

- Chennai has bounced back strongly in FY24, with 69% occupancy and Rs.6.8k ADR[73] reflecting its best city-wide performance since FY09.
- The positive results were materially enabled by performance of the Luxury and Upper Upscale - Upscale segments with ADR at Rs.11k and Rs 7k respectively for FY24.[74]
- City performance for YTD Sep-24 reflects continued positivity, with occupancy (above 75%) and 4% ADR gain over YTD Sep-23.[75]
- For Upper Upscale and Upscale segment ADR increase in FY24 by 35% and RevPAR by 53% over FY20. For YTD Sep-24 RevPAR increased by 11.5% over YTD Sep-23.[76]
- Demand comprises business travel, MICE, weddings and crew, business travel includes long-stay demand. IT and ITES automobile, health and pharma sectors, BFSI, retail and corporate activity are the main demand drivers. Luxury hotels benefit from lavish weddings demand originating from within Chennai and from regional towns and markets around Chennai.

[73] *CoStar*
[74] *CoStar*
[75] *CoStar*
[76] *CoStar*

- In March 2023 a new integrated airport terminal was developed increasing airport capacity from 23 MPPA to 30 MPPA. Phase 2 of the new terminal T2 is expected to be built in 2 years, for international and domestic operations, increasing capacity to 35 MPPA.
- The supply pipeline comprises 1.8k rooms by FY29, comprising 32% in luxury, 22% in upper-upscale & upscale, and 19% and 28% in upper midscale and midscale-economy segments respectively.

Chart 42 - Chennai Market Performance

Source: CoStar

7.6. Hyderabad Hotel Market

7.6.1. Key Features

Certain key aspects of Hyderabad are provided in Table 25

Table 25 – Hyderabad Key Aspects

Aspect	Remarks			
Key Features	Capital of Telangana			
Area	City	217 sq km	Urban Agglomeration	650 sq km
Population	City	3.9 mn	Urban Agglomeration	6.7 mn
Hyderabad GDDP - FY23	2.3 trillion INR			
Air Traffic	FY20 – 22 mn; FY24 – 25 mn; YTD Oct24 – 16 mn; CAGR 3.7%			
Chain Affiliated Hotel Rooms	FY20 – 7.7k; FY24 – 7.9k; YTD Sep24 – 7.8k ; CAGR 0.3%			
Office Space as of 30 Sep 24	110 msf			

Hyderabad is the capital of Telangana State. It was the capital of the larger state of Andhra Pradesh ("AP") before its partition in 2014 and was also the temporary capital of reorganised Andhra Pradesh until May 2024.

In the last about 25 years, the city has established itself as a major hub for the IT and ITeS sector drawing substantial international investment and recognition. The city has also drawn a wide mix of corporate business, advanced tech manufacturing, pharmaceuticals and healthcare, and other manufacturing. Hyderabad was the first city in India with an international convention centre, developed in 2007.

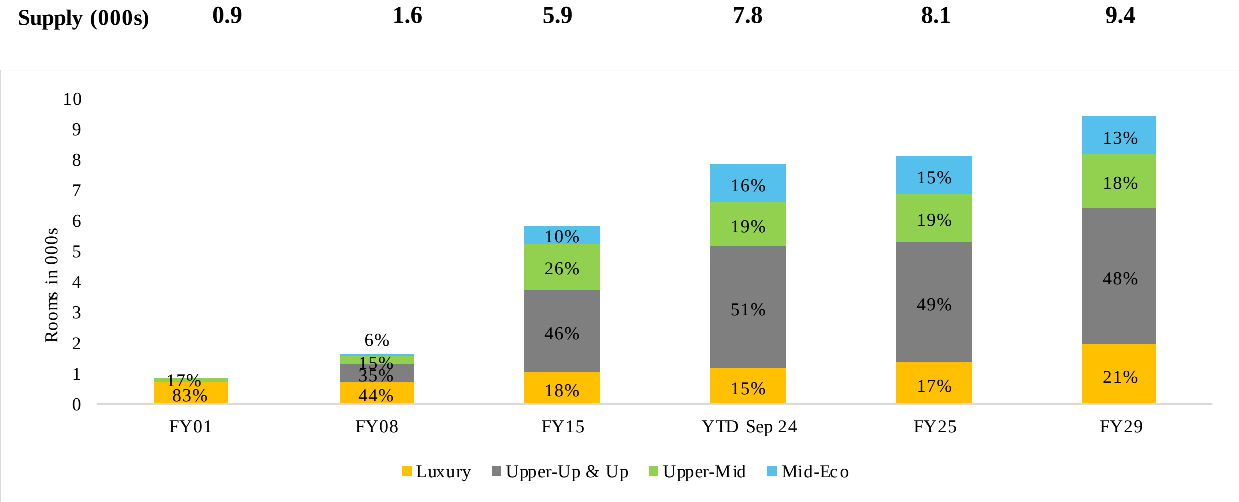
Rapid infrastructure development has facilitated economic growth and attracted professionals from across the country, enabling continual expansion of the city. The expanding privately developed and operated international airport has added capacity and is serving as a transit hub for regional travel.

7.6.2. Hotel Inventory

Of current supply, 4.3k rooms were added between FY08 and FY15 and 2k rooms between FY15 and YTD Sep-24. Supply is dominated by the upper upscale-upscale segment. The share of luxury supply is only 15% and is smaller than other metro cities. 66% supply share for upper-tier segment is expected to increase to 70% by FY29.

Of the luxury segment supply, IHCL and ITC have 40% and 39%, share respectively - the entire inventory of IHCL and ITC is chain owned.

Chart 43 - Hyderabad Chain affiliated Inventory – Overall and Segmental

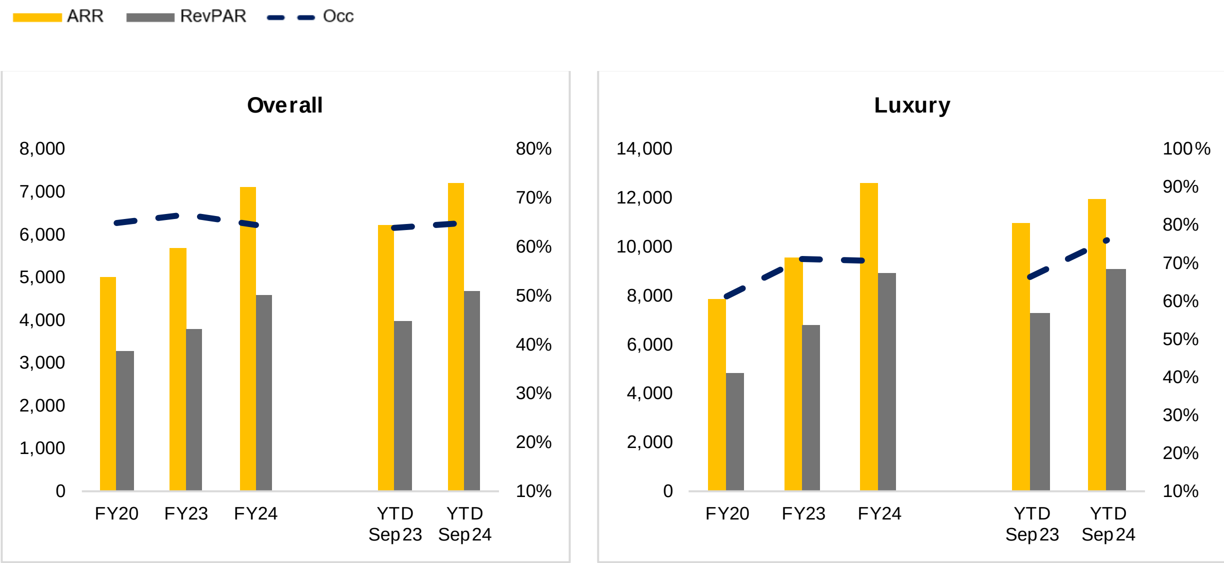


Source: Horwath HTL

7.6.3. Market Performance

- The city has seen a resurgence of business since 2014, once the statehood matter was resolved. Hyderabad has doubled its commercial real estate from 57 msf to 110 msf between 2018 and H1-2024.
- Demand is materially IT and ITeS focussed, with hi-tech manufacturing starting to gain fraction. Demand is also supported by large retail spaces and the growth of F&B and entertainment spaces to support a growing working population with younger demographics and substantial spend power.
- The city benefits from the Hyderabad International Convention Centre, the privately developed and expanding airport and the excellent road infrastructure.

Chart 44 - Hyderabad Market Performance



Source: CoStar

- 65% Occupancy for FY24 combined with strong ADR increase to enable 40% RevPAR growth for FY24 over FY20. The market ADR for FY24 was Rs.7.1k, while the luxury segment occupancy and ADR were 71% and Rs. 12.6k[77], being much stronger than the market.
- RevPAR for FY24 increased by a steep 86% over FY20 RevPAR.[78]
- On market-wide basis, YTD Sep-24 occupancy stands at 65% with ADR at 7.2k. ADR has shown strong increment (+16%) in YTD Sep-24 compared to YTD Sep-23, while occupancy remained steady. Luxury segment occupancy increased significantly from 66% for YTD Sep-23 to 76% for YTD Sep-24; ADR increased by 8% for YTD Sep-24 and RevPAR by 24%.[79]

7.7. Kolkata Hotel Market

7.7.1. Key Features

We have provided certain key aspects of Kolkata in Table 26

Table 26 – Kolkata Key Aspects

<table>
<tr><th>Aspect</th><th colspan="4">Remarks</th></tr>
<tr><td>Key Features</td><td colspan="4">Capital of West Bengal, gateway to eastern and north-eastern India</td></tr>
<tr><td>Area</td><td>City</td><td>185 sq km</td><td>Urban Agglomeration</td><td>1.9k sq km</td></tr>
<tr><td>Population</td><td>City</td><td>4.5 mn</td><td>Urban Agglomeration</td><td>14 mn</td></tr>
<tr><td>West Bengal GSDP - FY23</td><td colspan="4">15.3 trillion INR</td></tr>
<tr><td>Air Traffic</td><td colspan="4">FY20 - 22 mn; FY24 20 mn; YTD Oct-24 12 mn</td></tr>
<tr><td>Chain Affiliated Hotel Rooms</td><td colspan="4">YTD Sep-24 - 5k; expected supply for FY29 – 6.8k</td></tr>
<tr><td>Office Space as of 30 Sep 24</td><td colspan="4">28 msf</td></tr>
</table>

[77] *CoStar*
[78] *CoStar*
[79] *CoStar*

Kolkata is the capital city of West Bengal. Kolkata Metropolitan Area (KMA) or Greater Kolkata is the largest urban agglomeration in eastern India and the third most populous metropolitan area in India, after Delhi and Mumbai.

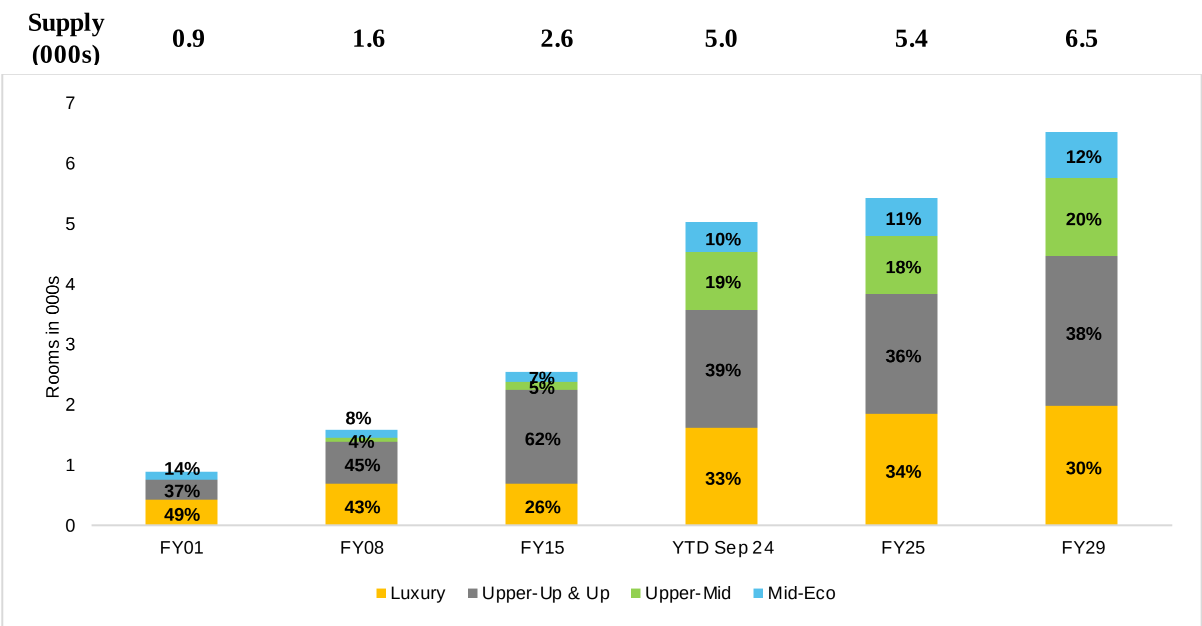
KMA accounts for the majority of organised industries and employment in West Bengal. Kolkata has major financial, commercial, educational, health, research and other organisations that cater to the requirements of KMA, the wider state and eastern regions of the country.

7.7.2. Hotel Inventory

Chain-affiliated supply for Kolkata was 5k rooms as of 30 September 2024. Supply nearly doubled between FY15 and YTD Sep-24. About 900 keys were added in FY20. Pipeline supply for the city upto FY29 is only 1.9k rooms.

ITC has 42% share of luxury hotel rooms in the city, including ITC Royal Bengal which has the largest inventory in Kolkata – the entire ITC inventory is chain-owned.

Chart 45 - Kolkata Chain affiliated Inventory – Overall and Segmental



Source: Horwath HTL

7.7.3. Market Performance

The city has limited strength of corporate demand; it thrives on MICE and weddings demand and, demand from sports related events. Greater business travel demand would be very beneficial. Hotels with sizeable weddings and MICE facilities and reputation have an advantage.

City wide occupancy has been largely range bound, in the mid to high 60's with ADR between Rs. 5.5k and Rs. 6.3k for the last 5years.[80]

Strong demand potential from business travel, corporate MICE and residential weddings is a positive for upper-tier hotels. The multiple demand segments across manufacturing and services, and with operations and hotels in different micro markets, provides greater demand stability and growth prospects.

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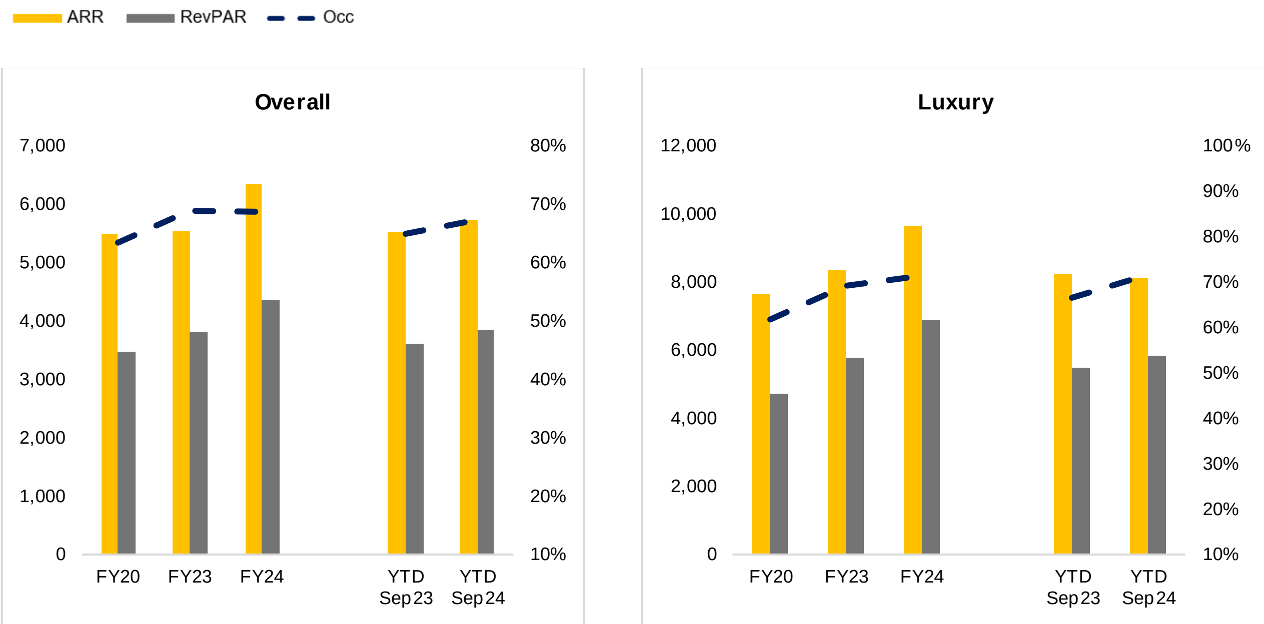
[80] *CoStar*

Chart 46 - Kolkata Market Performance



Source: CoStar

7.8. Ahmedabad Hotel Market

7.8.1. Key Features

We have provided certain key aspects of Ahmedabad in Table 27

Table 27 – Ahmedabad Key Aspects

Aspect	Remarks			
Key Features	Largest city in Gujarat in proximity to the state capital Gandhinagar			
Area	City	466 sq km	Urban Agglomeration	1.9k sq km
Population	City	7.2 mn	Urban Agglomeration	9 mn
Air Traffic	FY20 – 11 mn; FY24 – 12 mn; YTD Sep24 – 7 mn; CAGR 0.9%			
Chain Affiliated Hotel Rooms	FY20 – 3.7k; FY24 – 5.6k; YTD Sep24 – 5.8k; CAGR 10.3%			
Office Space as of 30 Sep 24	27 msf			

Ahmedabad is an important commercial city and largest city of Gujarat. Ahmedabad was the capital of Gujarat state till the development of Gandhinagar in the early 1970's, specifically as the seat of the state government. Both cities are seamlessly connected, served by a single airport and share common hospitality, commercial and retail infrastructure. The city has a mixed base of economic generators including manufacturing units of pharmaceuticals, SME engineering and automotives sector, a robust real estate sector and a developing energy sector.

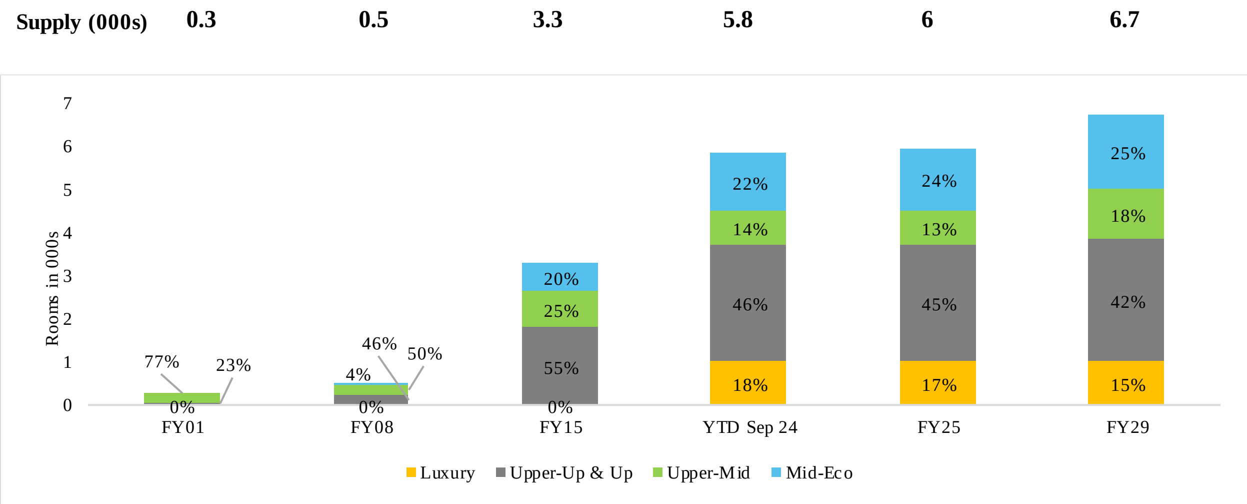
7.8.2. Hotel Inventory

Ahmedabad has 5.8k chain-affiliated hotel rooms as of 30 September 2024, with 32% of the inventory opening between FY13 and FY15 and 42% of the inventory opening FY20 onwards. For several years, supply was concentrated around Kalupur and Ashram Road. As the city spread westwards towards S.G. Highway and S.P. Ring Road, newer hotels have opened on and near SG Highway including two luxury hotels.

The city mainly had mid-segment hotels till FY08. The share of upper tier hotels has grown from FY08, and the first luxury hotel in the city opened only in FY21. The share of upper midscale and midscale-economy hotels will reduce from 77% in FY01 to 43% by FY29.

Of the luxury segment supply, IHCL, Leela and ITC have 41%, 31%, and 28% share respectively. Only the ITC hotel is chain owned.

Chart 47 - Ahmedabad Chain affiliated Inventory – Overall and Segmental



Source: Horwath HTL

7.8.3. Market Performance

- The city achieved 66% occupancy in FY24. Occupancy was higher than FY20 but lower than FY23 by 3 points.[81] Rooms demand per day has increased from 2.2k rooms in FY20 to 3.7k rooms in FY23 but declined marginally to 3.5k rooms in FY24. ADR for FY24 at Rs.5.4k was higher than FY20 ADR by 38%.[82]

- Performance growth continues with 63% occupancy for YTD Sep-24 at ADR of Rs.4.6k.[83] The performance is higher than FY20 and YTD Sep-23. Slowdown in the first half of FY24 due to elections and summer heat is among the main reason for this decline.

- FY24 was benefitted by events such as world cup matches hosted in Oct-23 and, Vibrant Gujarat Global Summit hosted in Jan-24, contributing to increasing occupancy for hotel sector.

- Ahmedabad hotels are in an overall positive phase, as the state and the areas on the city's outskirts draw industrial investment and with continued push to grow the International Finance Centre at GIFT City near Gandhinagar. GIFT City, Ahmedabad (Gujarat) is one of India's pioneering global financial hubs. Metro rail link between Narendra Modi Stadium, Mahatma Mandir and GIFT City will benefit GIFT city operations.

- Expansion of the city's airport, completion of the bullet train project and other intra-state road developments will support greater MICE activity and some casual leisure/retail related travel. Weddings demand is expected to remain strong, benefitting guest rooms demand and F&B demand.

- GIFT city has taken steps to ease liquor restrictions within its jurisdiction, allowing alcohol consumption in specific areas like high-end hotels and business districts, with a view to generate favourability for this global financial business hub.

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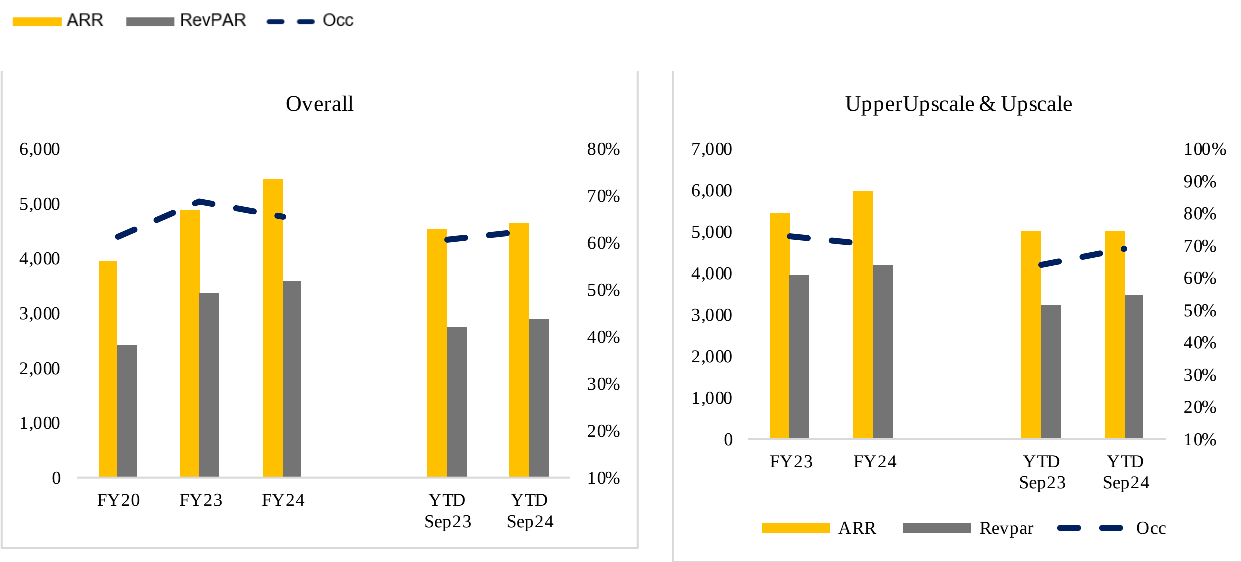
[81] *CoStar*
[82] *CoStar*
[83] *CoStar*

- The central and state governments are taking significant initiatives for industrial and economic growth of Gujarat state. The city itself is expected to see the growth of manufacturing activities on its outskirts, commercial and residential zones, and sports related infrastructure with the aim of bidding for the Olympics for CY2036.

Chart 48 - Ahmedabad Market Performance



Source: CoStar
Note: CoStar does not have Luxury segment data for Ahmedabad and hence Upper Upscale and Upscale data is provided for reference.

7.9. Goa Hotel Market

7.9.1. Key Features

We have provided certain key aspects of Goa in Table 28

Table 28 – Goa Key Aspects

Aspect	Remarks
Key Features	Located on the western coast Goa is the most popular beach destination in India
State Area	3.7k sq km
State Population	1.6 mn
Goa GSDP – FY24	INR 1 trillion
Air Traffic	FY20 – 8 mn; FY24 – 11 mn; YTD Sep24 – 6 mn; CAGR 7.8%
Chain Affiliated Hotel Rooms	FY20 – 7.2k; FY24 – 9.3k; YTD Sep24 – 9.5 mn; CAGR 6.6%

Goa is one of the most prominent leisure destinations in India and India's prime beach destination.

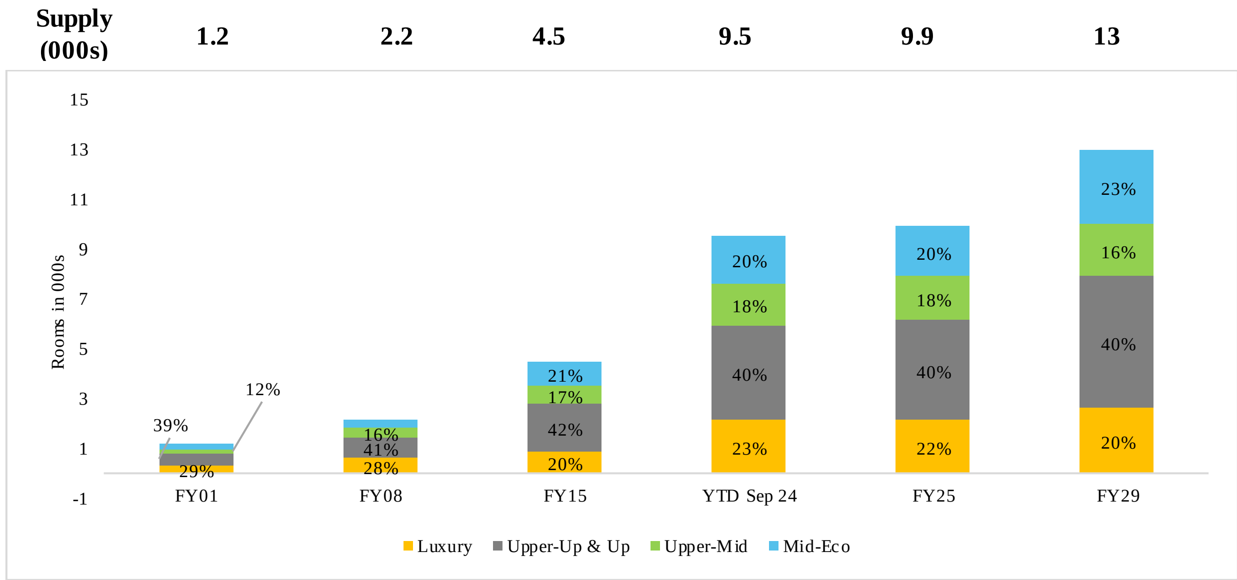
Tourism has always been a significant component of the State economy. Gaining significantly in the post Covid period (including in the recovery phase of each Covid wave), travel to Goa has been driven by strong domestic demand across multiple price segments. It is one of the few states in India that permits casinos.

7.9.2. Hotel Inventory

As of 30 September 2024, Goa had 9.5k chain affiliated rooms, including 2.4k rooms added since FY20. Supply growth is materially led by Upper Upscale & Upscale Segments and Mid-Segment hotels. Given the crowded Goa markets, the luxury and Upper Upscale hotels offer a much-valued experience.

In the luxury segment, IHCL, Marriott, Hyatt and ITC have 42%, 22%, 21% and 13% share respectively. Chain ownership in this segment is primarily between IHCL (425 rooms) and ITC (246 rooms). Importantly, only 49% of luxury resorts have a beach-front, while other resorts are developed in-land. The ITC resort has a large beachfront area.

Chart 49 - Goa Chain affiliated Inventory – Overall and Segmental



Source: Horwath HTL

7.9.3. Market Performance

Goa was one of the best performing markets in India during Covid-19. Comparing FY24 with FY20 – (a) luxury segment ADR increased 67% to Rs. 21k; (b) market-wide ADR increased 47% and (c) Market-wide occupancies increased from 62% in FY20 to about 66% in FY23 and FY24.[84]

Goa gained positively in the recovery period from the pandemic as the international borders did not open up fully, and the domestic market (including materially the domestic upper tier and luxury market) was travelling within the country.

In 2024, there has been a market correction which was inevitable as other destinations offered travel incentives and with short-term travel fatigue to Goa.

Market-wide occupancy for YTD Sep-24 at 63% was marginally higher than for YTD Sep-23, however, ADR for YTD Sep-24 declined by about 4.5% over the previous year. Occupancy for the luxury segment increased by 6 percentage points, while ADR declined by 8%[85] (lower ADRs in H1 are a typical occurrence for Goa). Increased MICE and group businesses reflects in the revenue outcome for hotels and resorts.

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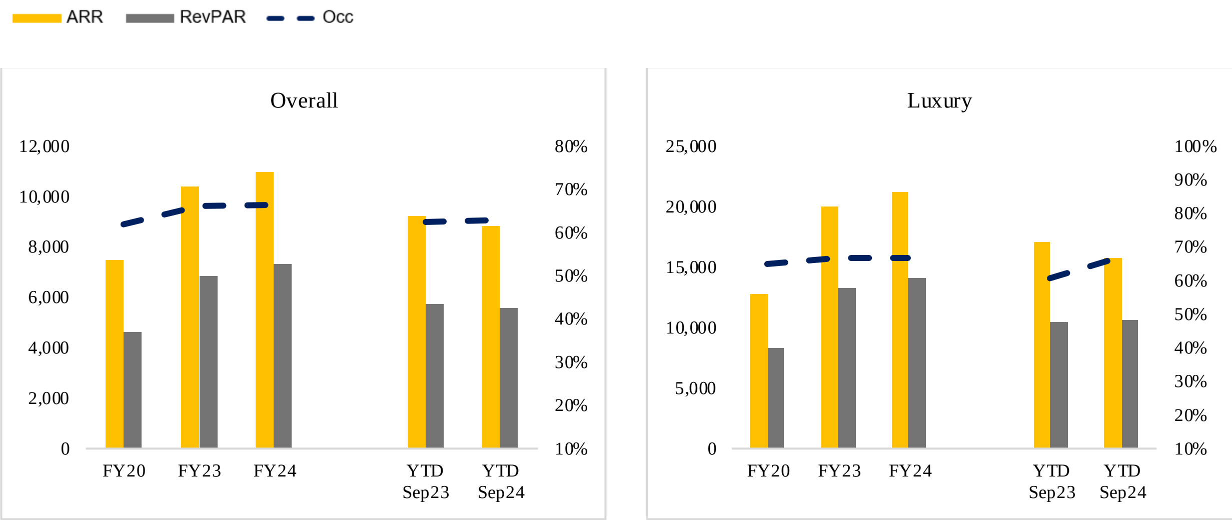
[84] *CoStar*
[85] *CoStar*

Chart 50 - Goa Market Performance



Source: CoStar

7.10. Jaipur Hotel Market

7.10.1. Key Features

We have provided certain key aspects of Jaipur in Table 29

Table 29 – Jaipur Key Aspects

Aspect	Remarks			
Key Features	Capital of Rajasthan; popularly referred as 'Pink City' of India			
Area	City	467 sq km	Urban Agglomeration	484.5 sq km
Population	City	4.3 mn	Urban Agglomeration	4.3 mn
Air Traffic	FY20 - 5 mn; FY24 5.2 mn; (CAGR 2.1%); YTD Oct-24 3.2 mn			
Chain Affiliated Hotel Rooms	YTD Sep-24: 7.6k; expected supply for FY29: 11.8k			

Jaipur is part of the 'Golden Triangle' along with Agra and Delhi and its tourism is focussed around its rich heritage and culture, its forts and palaces, its cuisines and shopping options. The city attracts significant inbound and domestic tourists, and has developed into a preferred location for destination weddings.

Jaipur is also a business city, drawing travel for gems and jewellery, several SME industrial units, interaction with government and regional BFSI institutions and limited IT sector presence. A convention centre has been opened in mid-2023.

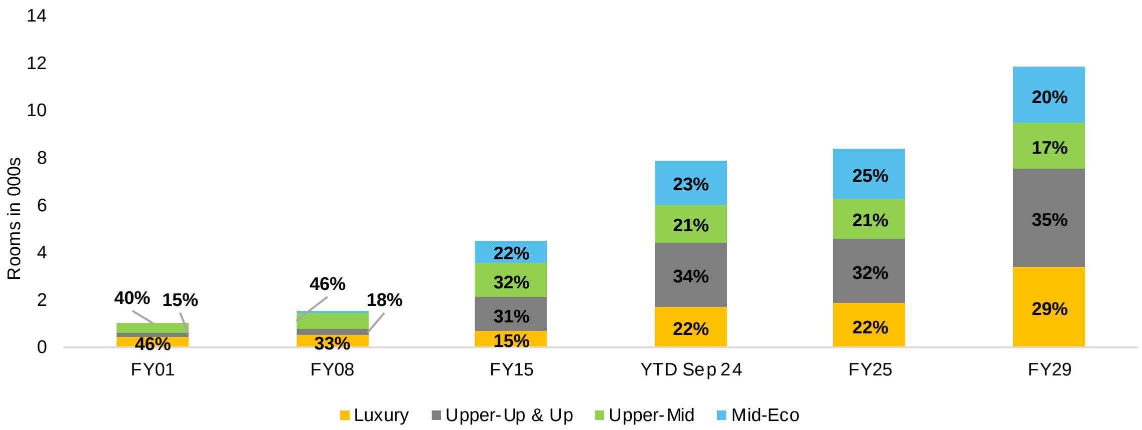
7.10.2. Hotel Inventory

Jaipur has chain-affiliated inventory of 7.9k rooms as of YTD Sep-24, with 3k rooms added between FY08 and FY14 and another 3.8k rooms between FY15 and YTD Sep-24.

Initially, hotels were concentrated in the city centre area; these have now spread to the airport area and towards Kukas (Delhi – Jaipur highway). IHCL and ITC with 30% and 16% share of luxury supply respectively, have hotels in the city centre and in Kukas. The city has seen supply increase across all segments, including materially in the upper midscale and midscale-economy segments. Luxury segment supply increased by 148% between FY15 and YTD Sep-24; another 97% increase is indicated by FY29 though we believe that some of this supply is unlikely to occur in the announced time frame.

Chart 51 - Jaipur Chain affiliated Inventory – Overall and Segmental

Supply (000s)	1.0	1.5	4.5	7.6	8.4	11.8



Source: Horwath HTL

7.10.3. Market Performance

- Jaipur has been a price sensitive market other than at the level of Luxury hotels. Market-wide ADR levels are markedly lower than for the luxury segment.[86]
- FY24 market-wide occupancy and ADR was 64% and Rs. 8k respectively, with the ADR reflecting 57% growth over FY20. In comparison, Luxury segment ADR of Rs.21k in FY24, was 73% higher than FY20, with occupancy rising from 57% to 59%.[87]
- 54% market occupancy for YTD Sep-24 is about 4 percentage points lower than for YTD Sep-23, although ADR grew by 7% for these periods. Rs 14.6k ADR for luxury segment for YTD Sep-24 was 5% higher than YTD Sep-23, while Occupancy declined from 50% to 43%. [88]
- However, demand has grown from 7.2k rooms per day in FY20 to 7.6k rooms per day for FY23 and 8.3k rooms per day for FY24.[89]
- Jaipur has a sizeable pipeline of 3.9k rooms through FY29. Of the total pipeline, about 42% is in the luxury segment and 36% in the Upper Up-Upscale segments. We believe that some of this supply is unlikely to occur in the announced time frame.

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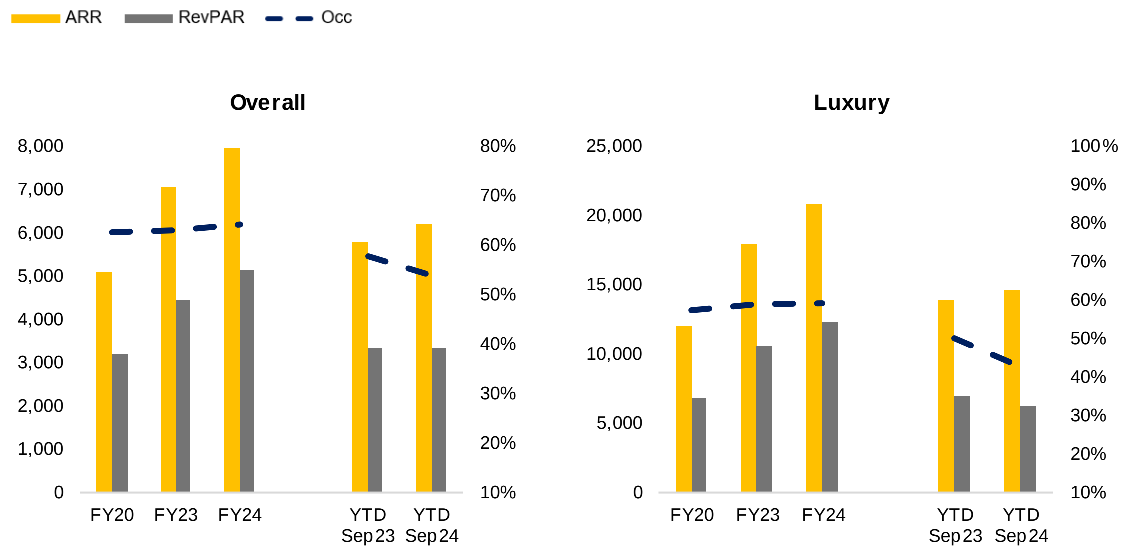
[86] *CoStar*
[87] *CoStar*
[88] *CoStar*
[89] *CoStar*

Chart 52 - Jaipur Market Performance



Source: CoStar

7.11. Other Markets

7.11.1. Agra

- Agra is located in Uttar Pradesh in North India on the banks of Yamuna River. The renowned monument Taj Mahal a UNESCO World Heritage site is in Agra. This makes Agra a popular tourist destination for inbound and domestic visitors. Agra forms a part of the 'Golden Triangle' tourist circuit.
- Agra has good road and rail connectivity to various important cities in North India. It also has limited air connectivity. The flights from this airport has only been enhanced since late 2023, with direct flights to Mumbai, Bengaluru and Hyderabad. There are plans to start flights to Jaipur and Prayagraj. Passenger movement increased from 100k in FY20 to 183k in FY24.
- Total chain affiliated supply for Agra was 2.9k rooms as YTD Sep-24. Luxury segment comprises 19%, Upper and Upscale segments is at 41%, Upper Midscale at 25% and Midscale-Economy is at 15%. Supply pipeline through FY29 is only 1.2k rooms, including 304 rooms in the luxury segment. Of the current luxury segment supply, IHCL, ITC and EIH have 42%, 41% and 18% share respectively, with the ITC having a more resort aspect than the 2 hotels of IHCL.
- For FY24, the city achieved 69% occupancy + 12 points over FY20. ADR increased by 41% in FY24 to Rs. 7.9k as compared to Rs. 5.6k in FY20. These have combined to generate 70% RevPAR growth. For YTD Sep-24 occupancy was 60% and ADR was Rs. 5.8k.[90]
- Agra will continue to be a prominent and important tourist destination. The city is also becoming an attractive destination for weddings and MICE. It can be expected to benefit from the Jewar airport located 10 kms from the city.

7.11.2. Amritsar

- Amritsar is one of the largest cities in Punjab and an important place and centre of Sikhism. It has the Golden Temple (Sri Harmandir Sahib) that is regarded as the most sacred places of worship for the Sikhs. Besides religious significance, Amritsar is also historically important particularly with the freedom movement of India and attracts leisure visitors.

[90] *CoStar*

- Amritsar is well connected to Punjab and North India through rail, road and air. Total Passenger movement at its international airport increased from 2.5 mn in FY20 to 3.5 mn in FY24.
- Total chain affiliated supply for Amritsar was 2.5k rooms as of YTD Sep-24. Luxury segment comprises 7%, Upper and Upscale segments is at 38%, Upper Midscale segment is 21% and Midscale-Economy segment is at 34%. Of the upper upscale and upscale segments supply, Marriott, ITC and Radisson Hotel Group have 28%, 27% and 21% share respectively.
- Supply pipeline through FY29 is 2.2k rooms and supply is expected to nearly double in the next 5 years.
- For FY24, the city achieved 62% occupancy reflecting positive growth from 59% occupancy for FY20. ADR increased by 25% in FY24 to Rs. 5k, as compared to Rs. 4k in FY20. For YTD Sep-24 occupancy was 54% and ADR was Rs. 4.4k.[91]
- With the improvement in tourism infrastructure and enhanced air connectivity leisure travel will continue to form a major part of demand for the hotels. MICE and weddings related demand is also likely to grow. Amritsar has substantial pipeline over the next four years. However, several of these are greenfield projects and therefore the actual completion may be beyond four years.

7.11.3. Bhubaneshwar

- Bhubaneshwar is the capital of Odisha and is the administrative, economic, and educational hub of the state. It also becomes a focal point for travel to Puri and Konark. Key economic drivers for the city include iron & steel, textile, manufacturing, mining, IT, state administration, education, tourism, and sports.
- Bhubaneshwar is an international airport and is a major airport serving the entire state. Total passenger movement increased from 4.6 mn in FY20 to 5.5 mn in FY24. International passenger movement is limited and currently ranges between 100k and 150k; an airport expansion is proposed with a view to enhance international connectivity
- Total chain affiliated supply for Bhubaneshwar is limited, at only 1.1k rooms as at YTD Sep-24. The city does not have any luxury hotel. Upper upscale and upscale segments comprise 54% of rooms inventory while upper midscale and midscale-economy hotels have 46% supply share. Supply pipeline through FY29 is only around 800 rooms. Of the total supply, IHCL, ITC and Mayfair have 32%, 16% and 10% share respectively. The existing and upcoming inventory is modest for a significant city; this should work to the benefit of existing hotels.
- The city being a state capital and a regional economic zone will grow. Expansion in various sectors such as IT, healthcare and education along with continued growth in manufacturing and commercial space will lead to overall city development.

7.11.4. Coimbatore

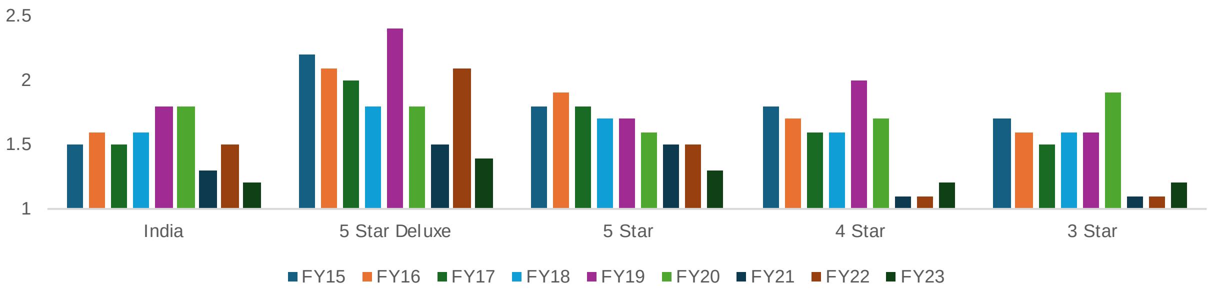
- Coimbatore is a major commercial, industrial and educational hub in Tamil Nadu. It is located close to the Western Ghats and provides connectivity to north-eastern cities of Kerala. It is among the largest textile manufacturing centres in India. Other industries include automotive component, pump manufacturing and engineering. It is also emerging as a new IT hub.
- Coimbatore has an international airport, though operations are materially domestic flights. Total passenger movement increased from 2.6 mn in FY20 to 2.9 mn in FY24. The airport is planned to be expanded.
- Total chain affiliated supply for Coimbatore was 1.5k rooms as YTD Sep-24. Supply is equally spread between the upper upscale and upscale and the upper midscale and midscale segments. The city does not have any economy hotels. Supply pipeline through FY29 is negligible.
- Occupancy for FY24 was 70% and increased to 72% for YTD Sep-24. ADR increased by 9% from Rs. 4.7k in FY24 to Rs. 5.1k for YTD Sep-24.[92]

[91] *CoStar*
[92] *CoStar*

8 Operating Performance Parameters

Manpower to Rooms Ratio

Chart 53 – Manpower to Rooms Ratio – Star Category Wise – FY15 to FY23



Source: FHRAI Reports; FY24 is not available

Payroll cost is among the large operating costs for hotels and has a material impact on operating margins. During and post Covid-19, hotels across segments have rationalised their staffing relative in response to reduced staff availability and higher payroll costs in order to improve margins. The data above reflects only participating hotels in the surveys for various years.

Current trends among hotel companies are for luxury business hotels to be at or below 2.0 and for three and four-star hotels to be between 0.8 to 1.2.

Operating Performance Comparison

Table 30 below provides a summary of operating performance for FY2022-24 of listed companies that are (a) hotel assets owning and hotel management company and (b) with material share of luxury segment hotel rooms in their portfolio.

Table 30 – Operating Performance - Select Listed Hotel Companies (Rs. Mn)

Rs. In Mn.

Company#		IHCL	ITC	EIH
FY22	Revenue from Operations	30,562	13,199	9,853
	Other Income	1,552	239	587
	Total Revenue	32,114	13,438	10,440
	EBITDA	5,599	954	574
	EBITDA % to Total Revenue	17%	7%	5%
FY23	Revenue from Operations	58,099	26,291	20,188
	Other Income	1,389	244	776
	Total Revenue	59,488	26,536	20,964
	EBITDA	19,435	8,323	6,750
	EBITDA % to Total Revenue	33%	31%	32%
FY24	Revenue from Operations	67,688	30,339	25,113
	Other Income	1,829	349	1,147
	Total Revenue	69,517	30,688	26,260
	EBITDA	23,401	10,391	10,416
	EBITDA % to Total Revenue	34%	34%	40%
Apr-Sep 24	Revenue from Operations	33,764	14,713	11,155
	Other Income	1,101	174	670

Company#		IHCL	ITC	EIH
	Total Revenue	34,865	14,887	11,825
	EBITDA	10,610	4,305	3,764
	EBITDA % to Total Revenue	30%	29%	32%

Source: Listed Company annual reports / quarterly reports

\# *Consolidated numbers unless otherwise stated; EBITDA includes Other income*

9 Cost of Development per key

Project costs have risen since the pandemic, requiring larger investment in hotel development. Increased costs for new projects provide competitive advantage of existing hotels which carry lower historical costs. Project costs vary from hotel to hotel due to several factors including size of hotel, F&B spaces - number and type (cuisine) of restaurants, restaurant standards and appeal, banquet spaces and facilities, other public areas, number of basements (including based on regulatory requirement for parking), brand specific needs, site specific development challenges and financing plans and patterns.

Broadly, current development costs (excluding land cost) are emerging at:

- Luxury: Rs. 16 to Rs 30 mn per key
- Upper Upscale: Rs. 11.5 to Rs 14 mn per key
- Upscale: Rs. 8 mn to Rs 11 mn per key
- Upper Midscale: Rs. 6 mn to Rs. 7.5 mn
- Midscale: Rs. 4.5 mn to Rs. 5.5 mn

10 Barriers to Entry

Development of hotels in India faces several challenges, principal among which are:

a. Land: Availability of land at suitable locations for hotels, high cost of available land, and limited development entitlements - create limitations on hotel development, viability, and hotel size.

b. Regulatory Approvals: Hotel projects require multiple regulatory approvals and licenses, before project implementation and prior to opening. The process is time consuming, with timing uncertainties and delays – the resultant longer time to hotel opening causes project cost escalations, significant additional interest cost, debt-service pressures, and project quality impact.

c. Policy Changes: Policy changes by government can have a material impact on hotel development, operations and profitability. For example, (a) imposition of liquor prohibition; (b) substantial delay in completion of Delhi Aerocity hotels as security issues were not resolved in a time-bound manner; (c) recent requirement for drivers accommodation in Tamil Nadu.

d. Bank Financing: Cost and availability of debt, shorter loan tenures (8 to 10 years till 2015), and repayment structures which were inconsistent with the capital-intensive nature of hotels that typically need 2-4 years to stabilise operations. Bankers now provide extended tenures of 12-15 years which is more consistent with the industry needs and cash flow patterns.

e. Availability of Equity Capital: Shortage of sufficient long-term equity capital is a significant constraint towards capacity creation, particularly a portfolio of hotels or large hotels, and funding working capital shortages.

f. Manpower Shortages: Increasing manpower shortages - staff and managers with sufficient operating experience and skills – and high attrition across managerial and staff levels poses service limitations for hotels. Increased use of technology and larger talent pool of hotel chains will be sought.

Several of these barriers, particularly Land, Bank Financing and Availability of Equity Capital have greater implication for Lux-UpperUp hotels and hotels with large inventory and function spaces.

11 Potential risk factors to the hospitality industry

1. Reputation Risk

The reputation of a hotel is critical to its success. Such reputation is built by the product quality, location and appeal, range and quality of food & beverage offerings, quality of function spaces and the branding of the hotel. Service is critical to building a strong reputation. Reputation damage could occur if health and safety norms are not adequately complied with and implemented.

2. Demand risk

The discretionary nature of hotel demand can impact demand volumes, profile and pricing due to factors such as economic slowdown; new competitive supply or loss of product quality. Seasonality aspects could also have a material impact on demand, particularly if any challenges occur during high season periods for a destination.

Overall demand is more discretionary for leisure, weddings and MICE purposes, while for business driven destinations a certain element of business travel is often inevitable; pricing and demand interplay can negatively impact revenues during an economic or travel slowdown.

3. Competition Risk

Arises from newer and more contemporary hotels setup in a market and from alternate accommodation. Material new supply created in a market or micro market within a concentrated timespan, can impact occupancy and pricing unless there is ready latent demand to absorb the new supply. Good quality new hotels at different price points could also channel away demand at higher priced hotels which are benefitting from pricing strength due to lack of adequate supply. On the other hand, depending on circumstances in a market additional supply could also create better visibility and greater critical mass to the benefit of various hotels.

4. Economic Risk

Business conditions for hotels can be impacted by the overall economic situation in the country/ city or in key source markets. A slow, stagnant or declining economy creates demand and pricing pressure, including on demand for restaurants, functions etc. A growing economy with positive sentiment helps to lift demand, pricing and spends. Economic risks can in turn impact foreign currency reserves and create foreign currency risks which, in turn, can impact earnings and availability of foreign exchange debt funding for hotel projects. Temporary currency restrictions can have potential impact on foreign currency available to fund imports of goods and services for hotel operations.

5. Health and Security Risk

Health and or security factors affecting a destination, destination country, or key source markets can negatively impact demand. This was seen during the Covid pandemic or in certain Asian markets during the SAARS epidemic, or when terror attacks occurred in Mumbai and New York in 2008 and 2001 respectively. Recovery from health and security concerns depends on the cause but generally remains robust if the destination market is a key market.

6. Source Market Concentration Risk

Source market economic issues can impact demand and revenues in a destination particularly if there is substantial demand concentration and reliance upon a particular source market which is suffering an economic downturn. Substantial demand concentration or reliance upon specific source markets can impact demand and revenues, if one or more of such source market suffers from demand risks on account of economic, health or security issues.

7. Digital Security and Data Privacy Risk

Substantial use of the digital medium for sales and marketing, and the collection, use and storage of guest personal data creates the risk of data breach which could affect operating systems and operations, as well as compliance with data privacy laws and regulations. In turn, this can expose hotel companies, including managed hotels, to liability under international and domestic laws and regulations e.g. GDPR Regulations and the Digital Personal Data Protection Act, 2023 (regulations yet to be notified). Further, hotel companies that do not have a robust digital platform can suffer competitive disadvantage.

8. Human Resources Risk

The hotel sector is materially subject to Human Resources (HR) risk as regards availability of a sufficiently large pool of managers and employees with relevant skills and experience to meet staffing needs of a rapidly growing industry, higher competitive costs for personnel, and high attrition levels due to demand for trained hotel staff across various service sectors. While staffing pattern have been modified as an outcome of the Covid pandemic, the HR risk is expected to remain significant.

9. Operating Margin Risk

Operating margins can come under pressure due to decline in revenue (quantum and or rate based) and increase in costs. Cost increases are not always immediately controllable, particularly fixed cost elements towards various utilities, payroll costs with increases amidst competition, increasing input costs towards F&B and other supplies. Sales costs can vary depending upon sales channels used and the strength of operator's sales channels through its loyalty programs and digital or other systems. Greater ability of a hotel to reduce its fixed cost would prove beneficial in managing operating margins.

10. Compliance Risk

Substantially increased compliance requirements results in greater risk of compliance failure and in added compliance costs which have effect on operating margins. Variances in compliance needs across different states in India add to the risks levels and to compliance cost.

11. Third Party Risk

The changing business ecosystem with increased outsourcing of various functions and sharper procurement timelines create newer third-party risk for hotels and asset portfolios. Third party risk can also arise from outdoor catering events and from greater use of contract employees.

12. Development and Growth Risk

Growth of hotel supply can be impacted by various developmental risks including availability of suitable land with clear titles, entitlements and affordable costs; need for multiple approvals without defined time commitments from authorities, project delays due to regulatory requirements, funding delays including availability and cost of foreign currency funding and inability to meet escalated project cost due to the aforesaid factors. Projects also get delayed, and sometimes abandoned, due to economic disruptions, insufficient funding, and resultant cost escalations. These can cause hotel projects to be delayed or downsized (with or without reduction in scale during project implementation),or carrying inadequate initial quality due to lack of funding.

13. Debt Service Risk

Debt stress can arise due to development and implementation challenges for hotels, or from overly leveraged hotels or lack of demand growth or penetration to the extent anticipated thereby causing inadequate funds availability for debt service. Debt service obligations can pile up quite rapidly if allowed to persist, impacting the hotel asset and service quality, performance and competitiveness.

14. Asset Impairment Risk

Lack of suitable care in the upkeep, renovation and upgrade of individual hotel assets from time to time can impact the hotel's competitive positioning and capability and thereby impact its earnings. As a cyclical consequence, this can further reduce funds availability for reinvestment in improving the asset and to overcome asset quality impairment.

15. Climate Change Risk

Climate change factors can have material bearing on hotels in terms of changing business seasons, impact of global warming, increased operating costs due to need for additional air-conditioning and or lack of water, reduced demand due to high temperatures flooding and landslides (these can even restrict access) and higher cost of operation to comply with sustainability needs and expectations which may be regulatory and / or competitive in nature.

INDUSTRY REPORT – SRI LANKA HOTEL SECTOR

1. Key Market Characteristics

1.1 Relevance of Tourism

Tourism is a key economic contributor to the Sri Lankan economy, generally considered as the third largest sector in Sri Lanka. Tourism earnings contributed over 4% of GDP between CY2016 and CY2019. Being materially dependent upon leisure travel which is discretionary in nature, the tourism sector suffered setbacks from CY2020 due to Covid pandemic restrictions, and the subsequent economic crisis which even impacted airline operations to the country. While the GDP contribution from tourism earnings declined to less than 1% for CY2020 and CY2021, this has recovered to 2.5% for CY2023 and is estimated at around 3.4% for CY2024. On a larger basis, the aggregate GDP contribution from the tourism sector as a whole was USD 7.4 billion for CY2023 (7.8% of National GDP).

1.2 Hotel Supply

Hotel supply in Sri Lanka can be mainly categorised as supply in Colombo and supply in leisure markets (including cities such as Kandy and Nuwara Eliya). As of December 2023, total rooms inventory at Classified Tourist Hotels aggregated 16,686 rooms. Of this, 5,640 rooms were in Colombo and the balance 11,046 rooms were in other markets, principally being leisure markets. As at end CY 2023 Colombo had 2,199 hotel rooms in hotels with 5-star classification and an independent hotel of 292 rooms classified as a luxury hotel under STR segments. ITC Ratnadipa, owned by ITC Hotels Limited (“ITC”), commenced operations in April 2024 and is operational with 250 rooms as of YTD Sep24. Accordingly, Colombo city has an inventory of 2,741 5-star / luxury rooms as at YTD Sep24. Additional supply by way of guesthouses and alternate accommodation is not considered relevant for this report.

1.3 Foreign Visitors

Given the nature of Sri Lanka and its economy, the principal usage of upper tier hotels and resorts is by foreign tourists. Usage of upper tier hotels and resorts by domestic travellers is nominal. Being materially dependent on foreign tourists, the country has pursued efforts towards attracting demand from various international and regional markets. Foreign Tourists Arrival (FTA) increased from 1.53 mn for CY2014 to 2.33 mn for CY 2018. CY2023 has achieved material recovery from the Covid pandemic and the subsequent travel disruption due to economic issues, with FTA of 1.49 mn. CY24 has already achieved 41% y-o-y growth for YTD November 2024 with FTA aggregating 1.81 mn.

1.4 Demand Composition

Travel demand into Sri Lanka reflects different characteristics depending upon the purpose of travel. Leisure visitors predominate the total arrivals and typically have longer stay duration than business visitors. MICE demand has had moderate extensions of stay duration over and above the specific dates of MICE events.

Colombo hotels materially draw business travel demand and MICE demand. The city also gets leisure demand typically for a 1–2-night stay to explore the capital city and / or during transit. Revival of the casino operations in Colombo will provide a fillip to leisure stays at hotels in Colombo.

As a capital city, Colombo naturally depends upon business travel demand as a key element, for the city’s hotels. This segment has been relatively slower than the leisure segment in the aftermath of the Covid pandemic and subsequent economic crisis. On the other hand, increased leisure driven FTA combined with greater economic stability and a booming stock market are positive pointers towards developing positive economic policies and attracting inbound business interests and thereby inbound business travellers.

Increased foreign travel confidence to Sri Lanka itself creates a positive environment for international business travellers. Together with a buoyant stock market, and the need for international business attraction, the positive sentiment will help drive stronger government policies towards attracting international investments and business travel which will materially enhance the operating environment for Colombo's hotels.

The aggregate rooms inventory of 6.1k rooms in Colombo, as at YTD Sep24 includes 2.9k rooms at hotels that are older than 10 years. The luxury segment is evolving with two chain-affiliated hotels opening in the last 6 years - Shangri La (500 rooms) and ITC Ratnadipa (250 rooms operational and pipeline of 102 rooms). The segment also includes the much older Galle Face hotel (156 rooms) and Taj Samudra (300 rooms).

2. Sri Lanka Overview

2.1 Geographical characteristics of Sri Lanka

Sri Lanka, historically known as Ceylon, is an island nation located off the south eastern coast of India separated by the Palk Strait and the Gulf of Mannar. Popularly referred as the Pearl of Indian Ocean, it also comprises of over 100 small islands and coral reefs around the mainland of Sri Lanka, varying in size from the largest Mannar Island to the smallest Sinigama and Werallaiya islands. The country has a rich economic history shaped by its geographical location in the Indian Ocean, serving as a hub for trade and cultural exchange; its economy has evolved through several phases, from a colonial plantation-based system to a mixed economy that balances agriculture, manufacturing, and services. Sri Lanka is also known for its diverse landscapes, including beautiful coastal plains, sandy beaches, rugged terrain, steep slopes and high peaks, and is home to eight UNESCO World Heritage sites.

2.2 Demographics and Population

As of 2023, Sri Lanka has a population of 22.9 mn[93]. Colombo, the largest city, spans 37 sq km while Colombo District is spread across 700 sq km. Colombo has a population of 2.4 mn[94]. According to census 2012, 70% of the population are Buddhists, 12.6% Hindus, and 9.7% and 6.7% are Muslims and Christians respectively. Sinhalese and Sri Lankan Tamils constitute 86% of Sri Lanka's population. The overall literacy rate of the country for age 10 and above is 96%, which is higher than the global literacy rate. Sinhala, Tamil and English are widely spoken languages.

2.3 Country GDP and Per Capita GDP

Sri Lanka's GDP growth rates and per capita income have been erratic over the past decade. GDP growth rate increased steadily till CY2017. It started declining post CY2018 with much deeper economic challenges due to Easter Sunday Bombing in CY2019 and Covid-19 CY2020. GDP growth was in positive territory in CY2021, but again started declining from Q1-22 because of forex reserves crisis.

Following six quarters of economic contraction, the Sri Lankan economy began to grow from Q3-23, closing CY2023 Nominal GDP at US$84.4 billion[95] (LKR 27.6 trillion) which is at 95% of CY2018 level. Real GDP growth rates for Q1-24, Q2-24 and Q3-24 were 5.3%, 4.7% and 5.5% respectively. World Bank estimates Real GDP growth for CY2024 and CY2025 at 4.4% and 3.5% respectively reflecting more stability from the previous uncertainties, and the potential for improved economic performance in coming years.

Faster-than-expected macroeconomic stabilization has improved the short-term growth outlook to 4.4%[96] in 2024. This contrasts positively than the initial projection of 2.2%[97] growth for 2024.Continued implementation of structural reforms will, however, be key to raising the medium to long-term growth potential.

GDP per capita also increased steadily till CY2017 and then started declining from CY2018. In CY2023, GDP Per Capita increased by 10.6% to US$ 3,830 against US$ 3,464 (CY2022), signalling a modest recovery in living

93 *WHO Global*
94 *www.lankastatistics.com*
95 *World Bank*
96 *World Bank*
97 *World Bank*

standards and economic health. The GDP per capita compares favourably with India which reported Nominal GDP per capita of US$ 2,366 and US$ 2,497 for FY23 and FY24[98].

Chart 1: Sri Lanka GDP in Billion US$ (2014-2023)

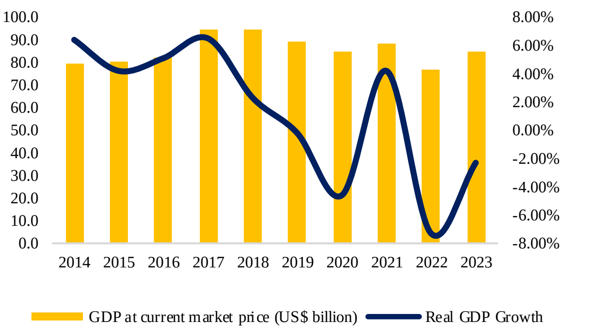


Chart 2: Sri Lanka Per Capita GDP in US$ (2014-2023)

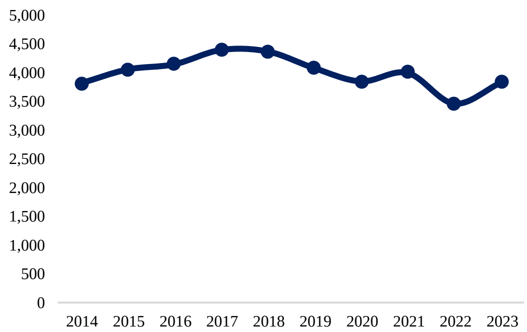
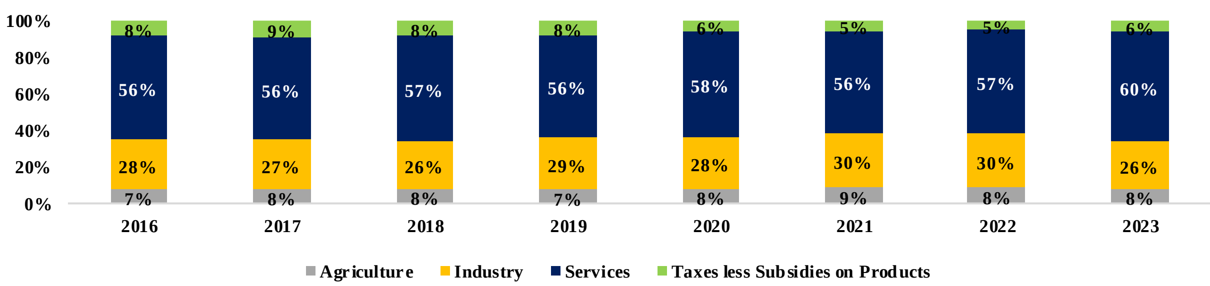


Chart 3: Sri Lanka Real GDP Growth (Q1 2021 to Q3 2024)

Source (Charts 1 to 3): Department of Census and Statistics, Central Bank of Sri Lanka

2.4 Sectoral Composition of GDP

Chart 4: Sri Lanka GDP Sectoral Composition (2016-2023)



Source: Department of Census and Statistics, Central Bank of Sri Lanka

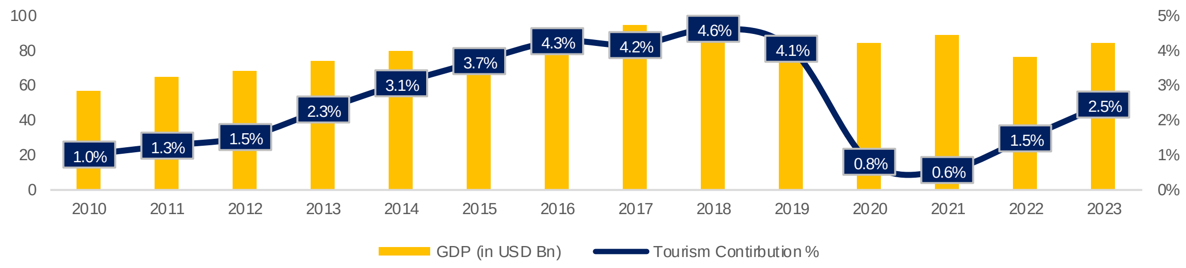
Services: The services sector is the largest contributor to Sri Lanka's GDP accounting for a significant portion of the country's employment. Key sub-sectors within services include tourism, financial services, information technology (IT), and telecommunications. In 2023, the service sector contribution expanded by 4 pts compared to 2022, mainly due to favourable growth in financial services, insurance and reinsurance services; transportation and related services; and accommodation, food, and beverage service activities.

[98] *World Economic Outlook, October 2024, International Monetary Fund*

Industry: Sri Lanka has a growing industrial sector, which includes manufacturing, construction, and textiles. Garment manufacturing and export-oriented industries play a key role in the country's economy, contributing to employment and export earnings. In 2023, the industry sector contribution shrunk by 3% from 2022, mainly attributed to limited mining and construction activities.

Agriculture: Agriculture remains an important sector, employing a significant portion of the population, particularly in rural areas. Key agricultural products include tea, rubber, coconuts, spices, and rice.

Chart 5: Tourism Earnings - Contribution to GDP



Source: Department of Census and Statistics Central Bank of Sri Lanka; Central Bank of Sri Lanka

Earnings from tourism are increasing since CY2021, although it has not fully recovered to pre-covid levels. Tourism earnings have increased significantly in January to September 2024 to US$ 2.3 mn which is 61% higher than the previous year, and also the highest since Covid-19 pandemic. Sri Lanka has projected to earn US$ 3 bn from tourism earnings in 2024.

Per WTTC Research Report international visitor spending in Sri Lanka was US$ 2.9 billion in CY2023, estimated at US$ 4.3 billion in CY2024 and projected to increase to US$ 9.2 billion by 2034 at 7.9% CAGR between 2024 and 2034.

2.5 Inflation

Chart 6: Consumer Price Index (Base Year – 2016)

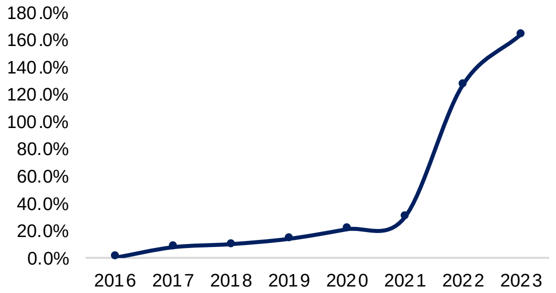
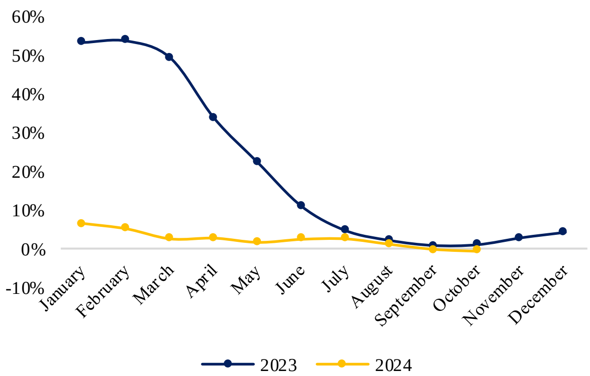


Chart 7: Monthly Consumer Price Index (Base Year - 2021)



Source (Charts 6 & 7): Department of Census and Statistics, Central Bank of Sri Lanka

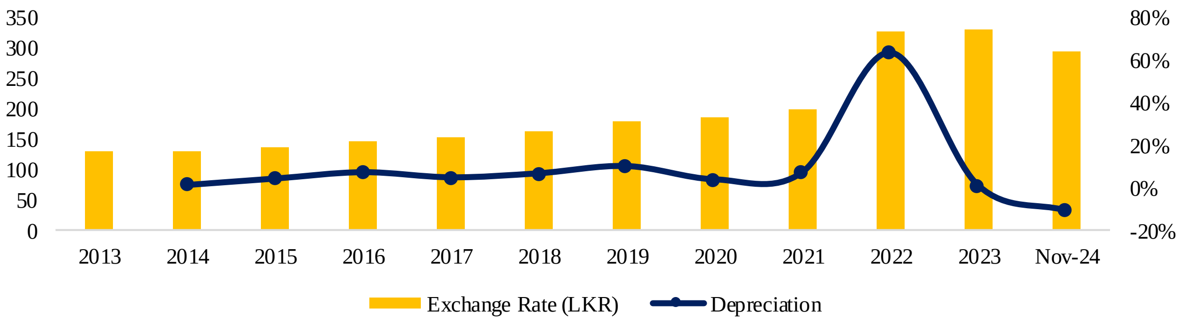
In the last decade, Inflation has fluctuated, generally between 5% and 7%. Covid and national government issues let to spiralling inflation in 2022 and 2023. Pressure eased as the IMF approved a US$ 3 billion bailout in March-23, after which headline inflation has remained in the low single digits throughout 2024, contributing to greater stability and a nascent recovery with a positive outlook for the coming years.

2.6 Currency

The Sri Lankan Rupee depreciated against US Dollar, at 10% CAGR over CY2013-23. The currency was stable between CY2013-18, but then began to depreciate amid economic crisis and political instability. Sri Lanka has taken measures to stabilize the currency by internationally negotiating for debt restructuring and by availing Extended Fund Facility from IMF in Mar-23. Asa result, the Sri Lankan Rupee started stabilizing from mid-2023. As of Nov-24 Sri Lankan Rupees has appreciated against the US$ by about 11%, relative to the annual average exchange rate for CY2023.

Currency depreciation to some extent has helped tourism as it made Sri Lanka a cheaper option for international tourists.

Chart 8: Sri Lankan Rupee vs USD



Source: Central Bank of Sri Lanka

2.7 Foreign Exchange Reserves

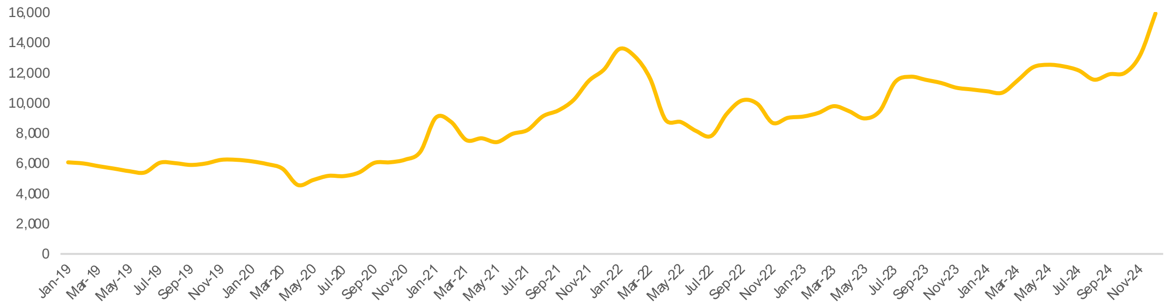
Gross foreign exchange reserves of US$ 7-9 billion before CY2019 began to decline from 2018 due to economic conditions and external factors. Reserves further declined due to the Covid-19 pandemic's impact on tourism, trade, and remittances. The reserves dropped to US$ 3.1 billion in CY2021 and to a critical level of US$ 1.9 billion in CY2022. With international aid, reserves slightly recovered in mid-CY2023 and closed CY2023 at US$ 4.4 billion. Recovery of tourism receipts, remittances and increased inflows from development partners led to higher foreign exchange reserves of US$ 6.5 billion at the end of Oct-24.

Earnings from tourism increased to US$ 2.1 bn in 2023 as against US$ 1.1 bn in 2022 recording a growth of 82% over 2022. In YTD Nov 2024 the earnings grew by 56% over the same period last year, increasing from US$ 1.8 bn in YTD Nov 2023 to US$ 2.8 bn in YTD Nov 24. For reference, tourism earnings were US$ 4.4 bn in 2018 and US$ 3.6 bn in 2019 pre COVID and before the economic crisis – this reflects the potential of the sector and the importance of this sector (with related policy support) for the overall economy of the country. Forex earnings from tourism are gradually increasing, reflecting stability and recovery in the market.

2.8 Colombo Stock Exchange

The positive revival of Sri Lanka's economy has led to a boom in the country's stock exchange with indices at all-time high. This is reflected in Chart 9 below.

Chart 9- ASPI Index – January 2019 to December 2024



Source: Colombo Stock Exchange; Investing.com

The strongly positive sentiment on the stock exchange is expected to aid economic policies and increased international investment into Sri Lanka's economy.

3. Sri Lanka Tourism

3.1 Key attractions: Tourism is a major industry in Sri Lanka and has traditionally been the third-largest source of foreign exchange earnings for the country. Major attractions include UNESCO World Heritage sites such as Sigiriya, the ancient city of Anuradhapura, and the Temple of the Tooth in Kandy; wildlife reserves, led by Yala National Park with safaris featuring elephants, leopards, and various bird species. Nuwara Eliya in the mountains is surrounded by tea plantations. Different parts of the island's coastline is popular for beaches and swimming, surfing and other activities. The country's hospitality, distinctive cuisine, and adventure activities such as surfing and hiking make it a popular destination for international travellers.

3.2 According to WTTC Economic Impact 2023, (a) tourism sector as a whole contributed US$ 7.4 bn (7.8%) to the national GDP in CY2023; (b) The sector is estimated to contribute US$ 9.5 bn (9.4%) to the national GDP for CY2024; (c) the sectors GDP is projected at US$ 18 bn for CY2034 (11.7% of then national GDP). (d) The industry provides significant direct and indirect employment, with 0.86 million jobs (10.6% of total employment) in CY2023. This is projected to increase to 1.5 million jobs (17.8% of total employment) by CY2034.

As the financial and judicial capital, many major Sri Lankan companies, such as Aitken Spence, Ceylinco Corporation, Stassen Group, John Keels Holdings, and international businesses invested in Sri Lanka have their head offices in Colombo. The Fort serves as Colombo's financial district and has the World Trade Centre (a twin-tower commercial complex with 39 floors and over 750k sft of prime office space), Colombo Stock Exchange, the Securities and Exchange Commission of Sri Lanka, Lanka IOC, Pearson, and Huawei. Port City Colombo (PCC) is a multi-service Special Economic Zone (SEZ) spread over 269 hectares with companies from various sectors, including IT, finance, shipping, logistics, tourism, healthcare, real estate, and professional services.

3.3 In 2023, 72% of Foreign Tourist Arrivals (FTAs) visited Sri Lanka for leisure, holidays, or to visit friends and relatives, while 10% came for business and MICE (Meetings, Incentives, Conferences, and Exhibitions), and the remaining for other purposes.

Chart 10: Foreign Tourists Arrivals (FTA) in 000's

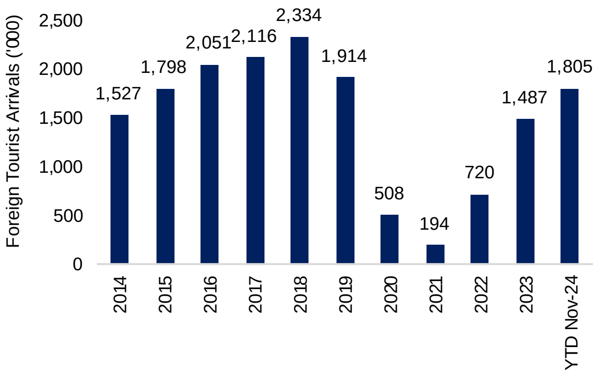
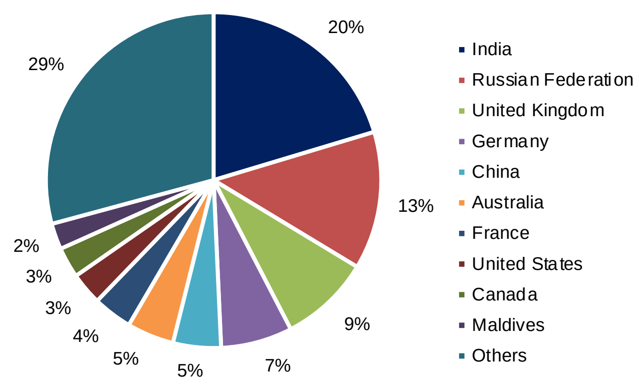


Chart 11: Tourist Arrivals- By Country (CY23)



Source: SLTDA

Comments

- In CY2023, FTA of 1.5 mn was double the arrivals in CY2022; the average length of stay was 8.4 days.
- India is the highest single contributor of tourist arrivals since CY2014 (between 16% to 20% of annual), followed by Russia (around 13% of tourists since CY2022 and +44% since CY2019).
- In CY2023, Europe accounted for 51% of total tourist arrivals reflecting the island's ability to draw long haul demand. FTA share for Asia-Pacific, America 6%, Middle East and Africa was 40%, 6% 2% and 1%, respectively.
- FTA for YTD Nov 2024 was 1.81 mn, increasing by 41% from 1.28 mn for YTD Nov-23.

3.4 According to the Sri Lanka Tourism Development Authority (SLTDA), the tourism sector employed 430k persons at end CY2023 (+11% over CY2022). Direct employment in the tourism sector as at end CY2023 increased to an all-time high of 205k employees (+7.3% over CY2022). Hotels and restaurants played a crucial role in this expansion, accounting for 81% of direct employment.

3.5 Tourism Sector – Future Government Strategies

Tourism is a strategically important industry for Sri Lanka, being the third largest export earner for the country, creating direct and indirect employment, and offering opportunities for foreign direct investments. To stimulate rapid recovery of tourist demand, Government has specified five strategic objectives under Sri Lanka Strategic Plan for Tourism 2022-2025

- Target foreign exchange earnings of US$5 billion from tourism by CY2025
- Increase daily tourist in-country spend to US$185- US$ 225, from a baseline spend of US$181 in CY 2019 and US$158 in CY2020
- Adopt and modernise the delivery of training by re-skilling / upskilling the tourism workforce to reach 10,000 trainees per year, with the aim to train at least 30% female trainees by CY2025.
- Increase the share of tourist room nights spent in previously under-served areas from 6% to 15% by CY2025.
- All new tourist products should comply with environmental regulations by CY2024, and schemes to enhance the performance of existing assets should be implemented by CY2025.

Free Visa Program: Starting October 1, 2024, Sri Lanka introduced a free 30-day tourist visa to visitors from China, India, Indonesia, Japan, Malaysia, Russia and Thailand to boost tourism. This may be extended to other countries.

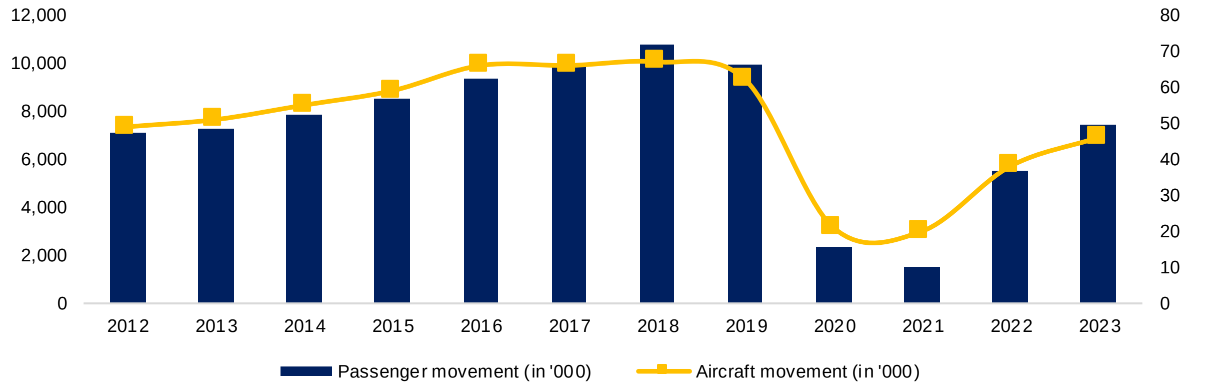
3.6 Air Connectivity and Infrastructure

Sri Lanka has four airports, including three international airports. The main international airport is the Bandaranaike International Airport (BIA) situated 33 km north of Colombo city centre. Mattala Rajapaksa International Airport in Hambantota in southern Sri Lanka and Jaffna International Airport (JAF) in Palaly in northern Sri Lanka are the other two international airports but serve limited air traffic.

BIA has capacity of handling 11.5 million passengers annually. A new terminal is being added to this airport with capacity to handed additional 9 million passengers annually. The terminal is expected to be completed in 2025. BIA serves direct flights to 60 destinations across 27 countries.

Total Passenger and aircraft movement from the Sri Lankan airports is provided in the chart below

Chart 12: Sri Lankan Airports- Passenger and Aircraft Movement



Source: Civil aviation Authority, Sri Lanka

4. Colombo Overview

Colombo, is the largest city by population and commercial capital of Sri Lanka, located on the island country's west coast, just south of the Kelani River. As an essential port in ancient maritime trading routes that linked the East and the West, Colombo has experienced the influence of various colonial powers, such as the Portuguese, the Dutch, and the British Empire. These influences can be seen in Colombo's architecture, culture, and urban landscape where colonial styles intermingle with local traditions. Following Sri Lanka's independence in 1948, Colombo emerged as the country's commercial and administrative centre.

Colombo city is spread over 37 sq km; Colombo District has an area of 685 sq km. Colombo is one of the world's largest artificial harbours making the city a key hub for Sri Lanka's foreign trade. As the economic centre of Sri Lanka, Colombo contributes significantly to the nation's GDP. The city has a diverse economy encompassing:

(a) <u>Trade and Commerce</u>

- Colombo Port, among the busiest in South Asia, plays a vital role in international shipping and logistics.
- Colombo serves as a hub for Sri Lanka's apparel and textile industry
- Colombo serves as a centre facilitating global tea auctions for Sri Lanka which is one of the world's largest tea exporters.

(b) <u>Finance:</u> The city has the Colombo Stock Exchange and major banks and financial institutions.

(c) Tourism: Colombo attracts tourists with its cultural landmarks, beaches, and modern amenities, serving as the gateway to Sri Lanka. This also enables attraction of regional and international MICE visitation.

(d) IT and Business Process Outsourcing (BPO): The IT sector, particularly in software development and outsourcing, is emerging rapidly with a growing tech ecosystem supported by accelerators, coworking spaces, and government initiatives.

(e) Other Industries: The city is the base for other industries such as real estate, chemicals, textiles, glass, cement, leather goods, furniture, and jewellery.

In terms of infrastructure, Colombo has undergone a significant transformation to enhance urban living and support its role as a regional economic centre. The city is further investing in infrastructure through a combination of public and private sector investment, to enhance the city's liveability, economic potential, and appeal as a global destination for trade and tourism. Some key infrastructural projects are summarised below:

- Expansion of Bandaranaike International Airport, aimed at increasing its passenger handling capacity to over 20 million annually, through the addition of a second terminal and upgraded facilities
- The ongoing Colombo Port City project as a centrepiece of urban and commercial development, creating a 269-hectare financial and business hub with luxury residences, offices, a world-class marina, and entertainment zones, positioning Colombo as a regional competitor to global cities like Dubai and Singapore. Colombo Port City is expected to be fully developed by 2040, encompassing approximately 6.3 mn sqm of built-up space, including housing for 273k residents.
- A prominent development in the city's leisure and entertainment landscape is the opening of City of Dreams Sri Lanka. The first phase features the opening of 687-room luxury hotel Cinnamon Life at City of Dreams in October 2024. The second phase, scheduled for completion by mid-2025, will include a casino, a shopping mall, entertainment areas, and the ultra-luxury 113 rooms Nuwa hotel.
- Additionally, other mixed-use developments such as Altair Colombo and Havelock City are reshaping the city's skyline with luxury apartments, retail malls, and office spaces. ITC offers hotel managed luxury serviced residences which is a unique product for the market.

These projects, along with smart city initiatives, sustainable urban planning and growing commercial and economic activity will make a Colombo a dynamic metropolis.

5. Colombo Demand Overview and Characteristics

The key demand drivers for hotels are:

Business Travel – Business travel is the main demand segment for Colombo hotels. It contributes to between 45% and 50% of the total demand. Travel is typically high during the winter months and it is mainly on weekdays. Business travel slows during vacation and holiday periods. Projects related demand, for the Port City and other potential developments, would create an element of long-stay demand that would seek serviced apartments, where available.

MICE – Demand from MICE segment accounts for about 10% to 15% of the overall demand. MICE demand comprises corporate, government, institution and association events (conventions, conferences, retreats, incentives, promotions, training programs, customer-facing events, staff events etc). Colombo has two convention and exhibition centres aggregating 140k sft. A convention centre under development in Port City will likely be the largest facility for Colombo, expected to be ready in mid to late 2030s decade. Newer luxury hotels have sizeable function spaces to support conferences and events that are often drawn to Colombo and Sri Lanka. Availability of such facilities enables hosting diverse events in the city. Sri Lanka also attracts some sports related events and travel which will attract stay demand at upper tier hotels for the travelling teams and support staff; the city also benefits from fans-based demand for sports events.

Leisure Travel – Colombo is the primary source of entry into Sri Lanka for international travellers. Therefore, it becomes an important transit base for visitors to the country, even for persons primarily headed to the beaches and other attractions. The city's inherent attractions, including its heritage, cuisine and casinos, will serve to support a longer stay particularly as high quality international hotels are increasingly available.

Weddings and Social Demand – This segment comprises destination weddings and other social / celebratory events, as well as substantial use of hotels for weddings and social events for locally sourced events. Sri Lanka is an attractive and more economic destination for weddings, particularly for the Indian market – thus Sri Lanka is increasingly marketing itself as a weddings destination. ITC relationships with wedding planners in India will benefit ITC Ratnadipa to capture this demand.

Diplomatic Travel – Colombo serves stay and events related demand from international diplomatic visitors, including Government leaders and representatives of other countries, often accompanied by trade delegations, and diplomats.

Airline Crew – Crew demand in Colombo is currently limited, as most flights are by regional airlines and are operated as turnaround flights. Limited crew demand would prefer staying at Negombo, closer to the airport. Besides, crew demand gets curtailed by minimum room rate requirement in Colombo that makes the hotels more expensive for crew.

6. Colombo Supply Overview

6.1 Colombo Hotel Inventory

6.1.1. Hotels Registered with SLTDA

The analysis of hotel supply principally deals with accommodation facilities that are registered as "classified tourist hotels" with Sri Lanka Tourism Development Authority.

This report generally does not cover accommodation facilities not registered as bungalows, camping sites, boutique hotels, heritage bungalows etc or unregistered hotels except to the extent that some unregistered hotels may have participated in collection of any reported data.

6.1.2. Chain-Affiliated Hotels

These are hotels that are either (i) owned and operated by hotel chains, (ii) operated by hotel chains on behalf of other owners or (iii) operated under franchise from hotel chains. For this purpose, all recognised international chains operating in Sri Lanka and domestic hotel chains that are generally considered as operating under common branding have been included.

6.2 Segment Classification

6.2.1. The hotels are segmented into the Luxury, Upper Upscale and Upscale Segment, and Midscale-Economy Segment. The hotels also offer additional facilities such as restaurants, bars, and function facilities for meetings and events, varying for each hotel. Each segment includes entry-level hotels in that segment besides hotels that are more fully of segment standards. These industry terms used for classifying, categorising and segmenting hotels are explained below.

- Luxury Segment typically comprise top end hotels with brand standards, facilities, spaces and standards that are associated with expectations of luxury seeking clientele; in India, these are generally classified as deluxe and luxury hotels. Several brands classify themselves as luxury hotel brands, based on certain criteria (e.g. room size) without having the service standards and consistent guest profile typically associated with true luxury hotels.
- Upper Upscale & Upscale Segment (Upper Ups & Ups) comprises first-class hotels and hotels that are moderately positioned and priced compared to first class hotels. These hotels are generally

classified as 5 star or 4 star hotels. These hotels offer superior standards, amenities and services though not at a level that affords the exclusivity associated with luxury hotels.

- Midscale-Economy Segment - comprises full service or select service hotels, typically with lesser public areas and facilities and smaller room sizes, which are more moderately positioned and priced than upper upscale & upscale segment. It also includes hotels providing functional accommodation and limited services, being focussed on price consciousness. These would generally be classified as 3 star or 2-star hotels.

In this Report reference to Upper Tier Segments will mean Luxury and Upper Upscale & Upscale Segments.

In respect of hotels / resorts not participating in CoStar reporting, classification is made as follows:

- If the management company / brand represents a hotel chain that is otherwise classified by CoStar, such classification has been used.
- In other cases, classification is made based on review of general pricing offered by these resorts and the general price range expected to be applicable to the various hotel segments.

6.3 Focus Segments and Markets

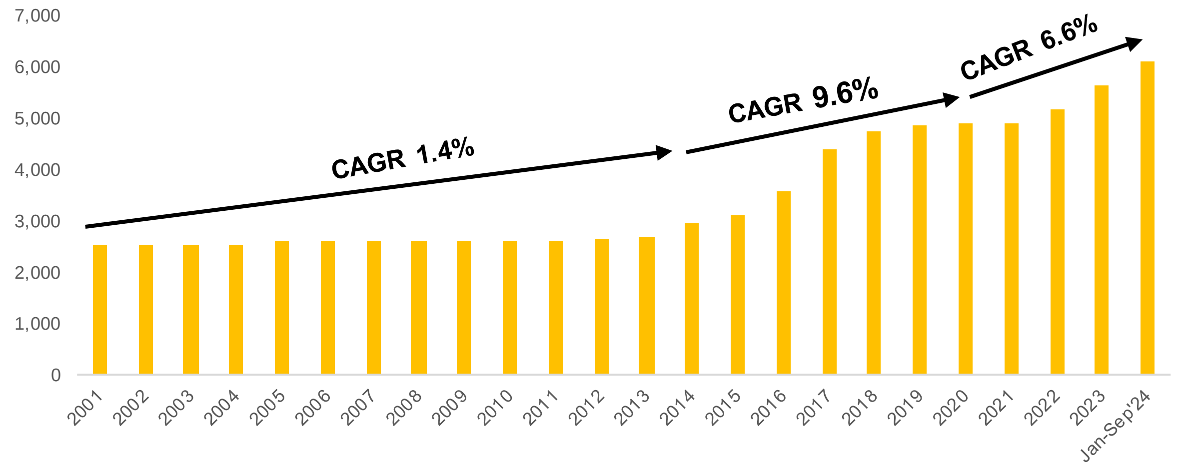
6.3.1. This report focuses on the luxury segments for Colombo, in which ITC owns and operates a 352 room hotel. The hotel opened in April 2024 and 250 rooms have become operational by September 2024. The remaining 102 rooms are expected to be operational in Q4-FY25.

6.3.2. In this report, Compound Annual Growth Rate (CAGR) between a financial year (start year) and another financial year (end year) is calculated from 31 March of the start year to 31 March of the end year, unless a different set of dates is indicated for any specific item.

6.4 Colombo - Overall Supply

As at end YTD-Sep24, Colombo had 6.1k hotel rooms registered with SLTDA. Inventory has grown at 6% CAGR since 2010. Chart 10 below reflects overall supply in Colombo.

Chart 13: Colombo Hotel Rooms Supply



Source: Horwath HTL

Only 553 rooms were added between CY2001 and CY2015. Supply creation picked up after civil unrest ended in 2009. 1.8k rooms were added In five years from CY2016 to CY2020, at 9.6% CAGR. Further 1.2k rooms have been added between CY2021 and YTD Sep-24.

Cinnamon Life (687 room) and Amari (169 room) opened in Q4-CY2024.

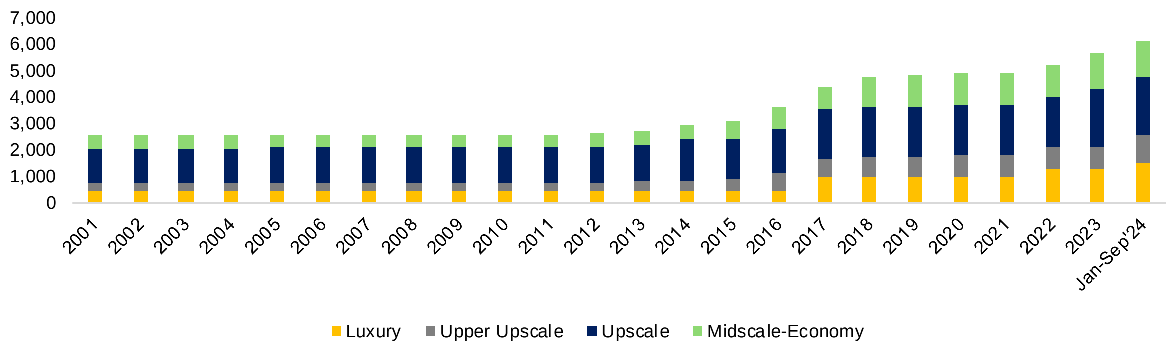
Of the overall supply 60% of supply is chain-affiliated and 40% is independent. In the luxury segment 70% is chain-affiliated and 30% is independent.

Pipeline for Colombo upper tier hotels includes 113-room hotel in the Cinnamon Life complex and 102 rooms at ITC Ratnadipa. The long-standing Grand Hyatt project remains uncertain of implementation even in the long-term.

6.5 Colombo – Supply Segmentation

In this section we have provided segmental supply for Colombo. Chart 11 below reflects overall supply in Colombo.

Chart 14: Colombo Hotel Rooms Supply



Source: Horwath HTL

Supply composition has evolved materially since 2001. In 2001, upscale segment had nearly 50% supply share; luxury and upper upscale hotels together comprised 29% - most of those hotels are old and not truly competitive with the new modern hotels

The segmental composition was almost similar till 2015. After 2015, the segmental supply has evolved with Upscale hotels having one-third share as of YTD Sep-24. Segmental share of luxury and upper upscale hotels has increased to 43%.

Evolution of supply share by segments is provided in the table below

Table 1: Colombo hotels- Supply Share by Segment

Category	FY10	FY15	FY20	YTD Sep24	CAGR FY10-15	CAGR FY15-20	CAGR FY20-YTD Sep24	CAGR FY15-YTD Sep24
Luxury	0.5	0.5	1.0	1.5	-	16.0%	13.7%	15.0%
Upper Upscale & Upscale	1.6	2.0	2.7	3.2	3.9%	6.7%	5.0%	6.0%
Midscale-Economy	0.5	0.7	1.2	1.4	5.7%	12.7%	3.7%	8.9%
Total	**2.6**	**3.1**	**4.9**	**6.1**	**3.6%**	**9.6%**	**6.6%**	**8.3%**
% of Total								
Luxury	17.6%	14.7%	19.6%	24.5%				
Upper Upscale & Upscale	63.0%	63.9%	55.9%	53.1%				
Midscale-Economy	19.4%	21.4%	24.6%	22.4%				

Source: Horwath HTL

Luxury segment share has increased from 17.6% in FY10 to 24.5% for YTD Sep-24. Of the existing luxury segment supply Shangri-La, IHCL and ITC have 33%, 20% and 17% share respectively.

7. Colombo Performance Analysis

7.1 Performance Analysis

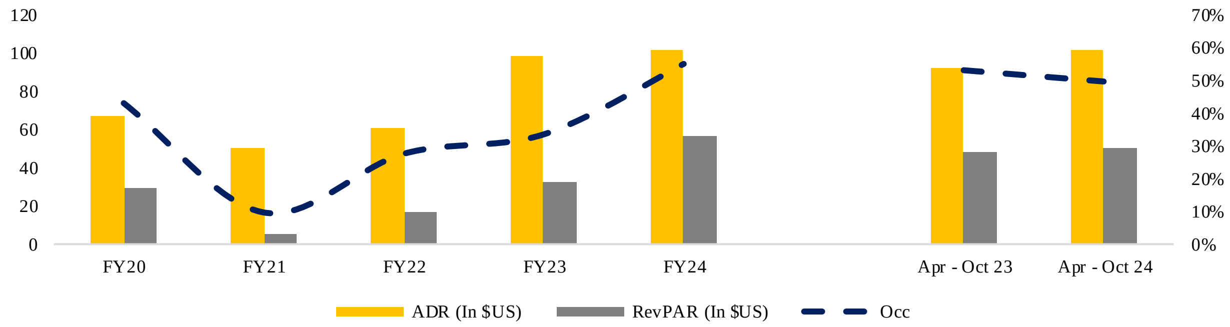
In this section we provide an analysis of the performance of hotels for Colombo Market. Data is presented for the full market (comprising hotels across all positionings). Data availability varies based on extent of participation by hotels.

Chart 15 shows performance of Colombo Market hotels participating with CoStar.

Occupancy for FY24 was at 55% with ADR at US$ 102.[99] Demand has increased at 8.8% CAGR between FY20 and FY24.

Occupancy for YTD-Oct-24 was at 50% at ADR of US$ 102. While occupancy was about 3 points lower than YTD Oct-23, demand was higher by 100 rooms per day and market-wide ADR increase by US$ 10 resulting in 4% RevPAR growth.[100]

Chart 15: Colombo Performance

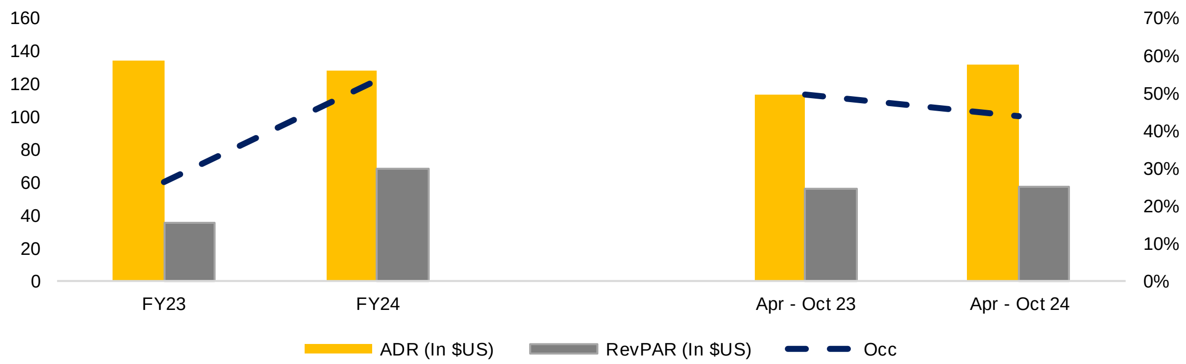


Source: CoStar

Chart 16 shows performance of Colombo Luxury Segment hotels participating with CoStar.

Occupancy for FY24 was at 54% with ADR at US$ 127 about 24% higher than Colombo market ADR.[101]

Chart 16: Colombo Luxury Segment Performance



Source: CoStar

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[99] *CoStar*
[100] *CoStar*
[101] *CoStar*

FY24 compares very favourably with FY23, with over 90% RevPAR growth. Occupancy for FY24 was more than twice that for FY23.[102]

While the Occupancy statistic for Apr-Oct 2024 reflects a decline to 44% (compared to the same period for 2023), demand has actually grown by 10.6%, adding about 73 rooms per day. New luxury supply has also enabled ADR to increase from US$ 113 to US$ 131.[103] The statistical decline of Occupancy is a function of new supply creation.

8. Potential risk factors to the hospitality industry

1. Reputation Risk

The reputation of a hotel is critical to its success. Such reputation is built by the product quality, location and appeal, range and quality of food & beverage offerings, quality of function spaces and the branding of the hotel. Service is critical to building a strong reputation. Reputation damage could occur if health and safety norms are not adequately complied with and implemented.

2. Demand Risk

The discretionary nature of hotel demand can impact demand volumes, profile and pricing due to factors such as economic slowdown; new competitive supply or loss of product quality. Seasonality aspects could also have a material impact on demand, particularly if any challenges occur during high season periods for a destination.

Demand is also impacted by business conditions and economic policies, particularly for city hotels that are materially dependent upon business travellers.

3. Competition Risk

Material new supply created in a market or micro market within a concentrated timespan, can impact occupancy and pricing unless there is ready latent demand to absorb the new supply. On the other hand, development of a new demand driver such as a casino, or serviced apartments in a market with projects related demand could create better visibility for the sector. This is particularly relevant while a market is recovering from an economic downturn.,

4. Economic Risk

Business conditions for hotels can be impacted by the overall economic situation in the country/ city or in key source markets. A slow, stagnant or declining economy creates demand and pricing pressure, while a growing economy with positive sentiment helps to lift demand, pricing and spends. Economic risks would also arise from foreign currency reserves and create foreign currency risks; on the other hand, a foreign exchange earning sector such as tourism will be encouraged and incentivised to do more business in the face of a foreign currency reserves crisis. Potential challenges are substantial due to the fiscal and external vulnerabilities, along with significant risks stemming from prolonged or insufficient debt restructuring, policy instability, and the medium-term impacts of the economic crisis in Sri Lanka.

5. Health and Security Risk

Health and or security factors affecting a destination, destination country, or key source markets can negatively impact demand. This was seen during the Covid pandemic or in certain Asian markets during the SAARS epidemic, or when terror attacks occurred in Mumbai and New York in 2008 and 2001 respectively. Recovery from health and security concerns depends on the cause but generally remains robust if the destination market is a key market.

[102] *CoStar*
[103] *CoStar*

6. Source Market Concentration Risk

Source market economic issues can impact demand and revenues in a destination particularly if there is substantial demand concentration and reliance upon a particular source market which is suffering an economic downturn. Substantial demand concentration or reliance upon specific source markets can impact demand and revenues, if one or more of such source market suffers from demand risks on account of economic, health or security issues.

7. Digital Security and Data Privacy Risk

Substantial use of the digital medium for sales and marketing, and the collection, use and storage of guest personal data creates the risk of data breach which could affect operating systems and operations, as well as compliance with data privacy laws and regulations. In turn, this can expose hotel companies, including managed hotels, to liability under international and domestic laws and regulations. Further, hotel companies that do not have a robust digital platform can suffer competitive disadvantage.

8. Human Resources Risk

The hotel sector is materially subject to Human Resources (HR) risk as regards availability of a sufficiently large pool of managers and employees with relevant skills and experience to meet staffing needs of a rapidly growing industry, higher competitive costs for personnel, and high attrition levels due to demand for trained hotel staff across various service sectors.

9. Operating Margin Risk

Operating margins can come under pressure due to decline in revenue (quantum and or rate based) and increase in costs. Cost increases are not always immediately controllable, particularly fixed cost elements towards various utilities, payroll costs with increases amidst competition, increasing input costs towards F&B and other supplies. Sales costs can vary depending upon sales channels used and the strength of operator’s sales channels through its loyalty programs and digital or other systems. Greater ability of a hotel to reduce its fixed cost would prove beneficial in managing operating margins.

10. Compliance Risk

Substantially increased compliance requirements results in greater risk of compliance failure and in added compliance costs which have effect on operating margins. Variances in compliance needs across different states in India add to the risks levels and to compliance cost.

11. Third Party Risk

The changing business ecosystem with increased outsourcing of various functions and sharper procurement timelines create newer third-party risk for hotels and asset portfolios.

12. Debt Service Risk

Debt stress can arise due to development and implementation challenges for hotels, or from overly leveraged hotels or lack of demand growth or penetration to the extent anticipated thereby causing inadequate funds availability for debt service. Debt service obligations can pile up quite rapidly if allowed to persist, impacting the hotel asset and service quality, performance and competitiveness.

13. Asset Impairment Risk

Lack of suitable care in the upkeep, renovation and upgrade of individual hotel assets from time to time can impact the hotel’s competitive positioning and capability and thereby impact its earnings. As a cyclical consequence, this can further reduce funds availability for reinvestment in improving the asset and to overcome asset quality impairment.

14. Climate Change Risk

Climate change factors can have material bearing on hotels in terms of changing business seasons, impact of global warming, increased operating costs due to need for additional air-conditioning and or lack of water, reduced demand due to high temperatures flooding and landslides (these can even restrict access) and higher cost of operation to comply with sustainability needs and expectations which may be regulatory and / or competitive in nature.

OUR BUSINESS

Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward Looking Statements" on page 14 for a discussion of the risks and uncertainties related to such statements and also "Risk Factors" on page 21 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward looking statements.

The industry information contained in this section is derived from Industry Reports. Neither we, nor any of our affiliates or advisors, nor any other person connected with the Information Memorandum has independently verified this information. References to hotel segments in this section are in accordance with the presentation in the Industry Reports.

Unless otherwise stated, references in this section to "we", "our" or "us" (including in the context of any financial information) are to the Hotels Business/ the Company along with its Subsidiaries, Associates and Joint Venture, on a consolidated basis. To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with "Risk Factors" and "Industry Overview" on pages 21 and 70, respectively, as well as the financial, statistical and other information contained in this Information Memorandum.

OVERVIEW

Our Company was incorporated as a public limited company under the Companies Act, 2013 with the name 'ITC Hotels Limited' and a certificate of incorporation dated July 28, 2023 was issued by the Registrar of Companies.

Prior to the Scheme becoming effective, our Company was a wholly owned subsidiary of ITC Limited. The main object of our Company is to carry on the business as hoteliers. Pursuant to the Scheme becoming effective, the Hotels Business has been demerged and vested into our Company with effect from January 1, 2025.

Established in 1975, with the first premium hotel launched in Chennai, our Hotels Business today represents one of India's pre-eminent hospitality chains, embodying the essence of Indian hospitality and sustainability. We are engaged in the business of owning, operating, managing and franchising hotels and resorts and are focused towards enabling authentic indigenous experiences for our guests, which are in harmony with the environment and society. Our current footprint encompasses over 140 hotels across over 90 destinations comprising about 13,000 keys. ITC Hotels is also renowned for its culinary excellence, with several award-winning brands and iconic food and beverage cuisines, revolving around indigenous ingredients and signature dining experiences. ITC Hotels is a global exemplar in sustainable hospitality, embodying the ethos of '***Responsible Luxury***' by seamlessly integrating opulence with environmental and social responsibility.

OUR STRENGTHS

Established, trusted and well-respected brands

Our hotels portfolio is spread across six distinct hotel brands viz., 'ITC Hotels' and 'Mementos' in the Luxury segment, 'Welcomhotel' in the Upper Upscale segment, 'Storii' in the Boutique Premium segment, 'Fortune' in the Mid-market to Upscale segment and 'WelcomHeritage' in the Heritage segment, as indicated below:

1. **ITC Hotels**: Every ITC Hotel is an archetype of the culture and ethos of each destination offering authentic, indigenous luxury experiences which are in harmony with the environment and society. All ITC Hotels operate under 'The Luxury Collection' brand, for which we have an exclusive license in India from Marriott. Each ITC Hotel is certified with a Leadership in Energy and Environmental Design ("**LEED**") platinum rating for globally recognised planet positive endeavours.

2. **Mementos**: Mementos by ITC Hotels is a brand of luxury lifestyle hotels and resorts that offers the rarest of luxuries and great memories for customers. Every detail of the Mementos experience is designed to create exquisite moments, unique to each destination and transforms them into an unforgettable experience for the customers.

3. **Welcomhotel**: A collection of premium hotels designed for customers that demand a more curated experience. The hotels are present in various locations, ranging from the hills, beaches, deserts and cities, and the brand is reflective of the warmth of the Indian culture, while also upholding the benchmark standards of ITC Hotels.

4. **Storii**: Storii is a collection of handpicked boutique properties, designed to satiate the ever-evolving needs of the global traveller by offering a unique, experience-led stay that is atypical, immersive, bespoke and co-exists in harmony with the environment as well as the local community.

5. **Fortune**: Fortune Park Hotels Limited is a wholly owned subsidiary of our Company, with a pre-eminent position in the Mid-market to Upscale segment as India's leading chain of first-class, full-service business and leisure hotels. Convenient locations, excellence of cuisine, efficient service and competitive pricing have made the Fortune Hotels chain popular amongst discerning travellers. The sub-brands under which the hotels are being operated by the chain are Fortune Select, Fortune Park, Fortune Inn and Fortune Resort.

6. **WelcomHeritage**: Our Joint Venture, Maharaja Heritage Resorts Limited, licenses the WelcomHeritage brand, under which various distinctive hotels are franchised. The WelcomHeritage chain of hotels represents the finest traditions of heritage hospitality and tourism in India with a unique portfolio of palaces, forts, havelis and resorts.

Over the years, we have invested in creating a pan-India presence with several iconic properties across key business and leisure destinations and have been recognized as the best luxury hotel chain for the 8th consecutive year at 'Travel + Leisure India's Best Awards 2024'.

Leveraging our asset right strategy to achieve accelerated growth

Having achieved considerable scale and market standing, the Hotels Business in 2018 pivoted to an 'asset-right' strategy to achieve scalable growth while optimising capital allocation, by focusing on strong partnerships with asset owners, leveraging brand credentials and operational expertise. This strategy has also enabled us to expand our presence to tier 2 and tier 3 cities where the demand for premium hospitality is rapidly increasing. Leveraging this strategy, we have a visible pipeline to further expand our footprint to over 200 hotels and over 18000 keys by 2030, with the share of keys under management contracts (including franchising) increasing to 65% from about 55% currently.

Current Operating Footprint

140 Hotels

~13,000 Keys

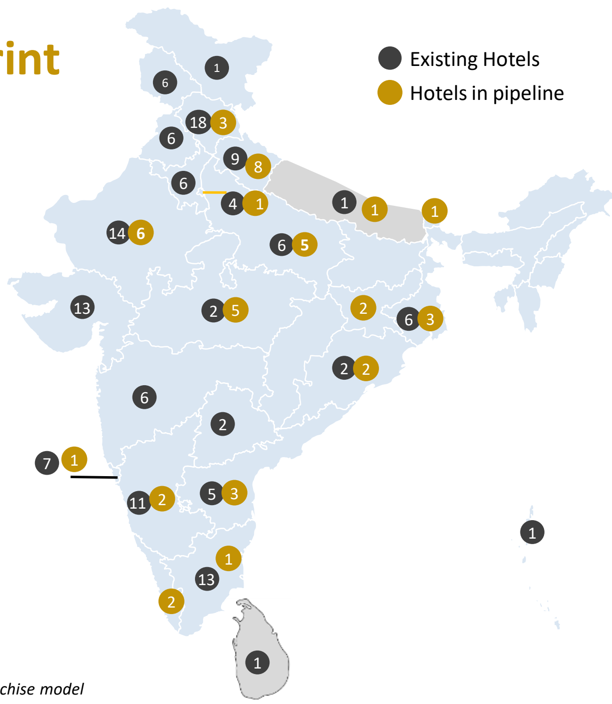
(Owned / Managed Mix By % Keys : 45% / 55%)

By 2030

200+ Hotels

18,000+ Keys

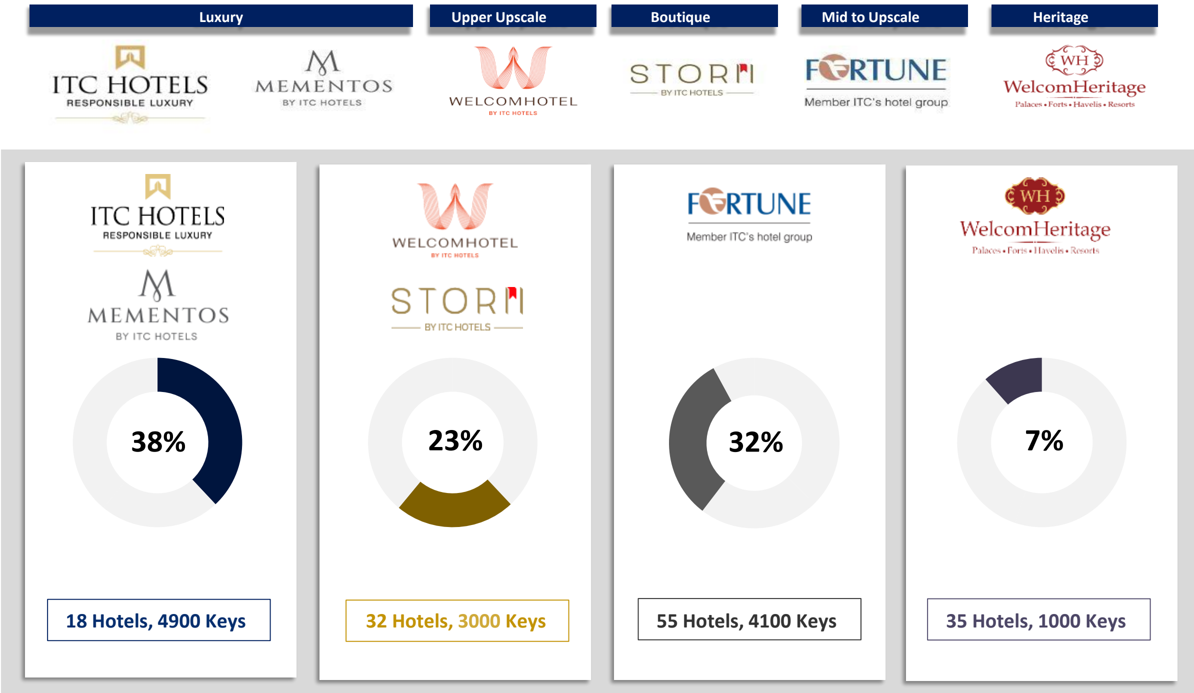
(Owned / Managed Mix By % Keys : 35% / 65%)



Status as on 31st Oct '24 | Managed portfolio includes hotels under franchise model

Iconic hotels strategically positioned in key markets

Our brand portfolio is well balanced across segments of the Indian hospitality industry and comprises several iconic hotels strategically located at key business and leisure destinations, including Delhi NCR, Chennai, Mumbai, Kolkata, Bengaluru, Hyderabad, Ahmedabad, Goa, Jaipur, Udaipur and Agra, among others. We have also recently launched our first international property at Colombo, Sri Lanka.



Further, we have also successfully established a portfolio of owned/ licensed hotels which are strategically located in key markets across India. Our owned/ licensed asset portfolio includes hotels which are located in the heart of the business and leisure destinations in India, including:

- **ITC Maurya** is in the heart of New Delhi, located close to the diplomatic enclave at Chanakyapuri. A landmark by itself, it has been in existence for over 45 years and epitomises the luxury hotel experience in New Delhi. This luxury hotel welcomes guests to 437 luxury rooms and suites. Award-winning restaurants such as Bukhara, Dum Pukht and Avartana bring iconic dining experiences, alongside magnificent conference and banquet venues and unmatched wellness facilities. ITC Maurya also had the privilege of hosting the President of the United States of America during his G20 visit to India in 2023.

- **ITC Grand Chola, Chennai**, with its inspiring size and grandeur, is a veritable destination by itself. This hotel uniquely reflects the magnificent temple architecture of the Chola dynasty. There are four separate entry points—each with its distinct artistic identity. The hotel offers 600 luxurious rooms, suites and serviced apartments. The 10 food and beverage outlets bring regional, national and global cuisines to food connoisseurs, making the property a prime banqueting destination in the city.

- **ITC Royal Bengal and ITC Sonar, Kolkata** are located in the heart of Kolkata.

  - **ITC Royal Bengal**, launched in 2019, rises tall over the city skyline as an exemplar of refinement and luxury. An ode to the region's rich cultural heritage, the property has 456 rooms, suites, and serviced apartments. Its 7 dining destinations offer a wide and eclectic selection of local and global gourmet. From corporate events at Kolkata's largest pillar-less banquet hall, to indulgences at the luxury spa, the hotel makes every moment memorable for guests.

  - **ITC Sonar**, with 237 luxury rooms and suites, is set in an enchanting expanse of beautifully designed gardenscapes with lush trees and gentle water bodies dotted with water lilies and complemented by the artful minimalism of the hotel's architecture. It offers a unique leisure environment celebrating the golden era of Bengal, during the reign of the Pala dynasty.

Located strategically at the meeting point of the old city and the new business district, both these hotels are a short drive from the airport and the city centre.

- **ITC Maratha, Mumbai,** which has been in existence for over two decades, remains strategically located at the entry to modern Mumbai and is situated conveniently close to both the international and domestic airports. Its arterial connectivity to city hotspots such as the Bandra -Kurla Complex, Jio World Convention Centre, Nita Mukesh Ambani Cultural Centre, Andheri and Worli business districts make it a perfect choice for a business or leisure trip to Mumbai. The ethos of the hotel has been drawn from the glorious history and culture of the Maratha dynasty, the most revered rulers of this region. The hotel comprises 380 luxury rooms and suites, 8 award-winning restaurants, luxury spa and salon as well as elaborate indoor and outdoor banqueting facilities. Inspired by Indo-Saracenic influence and indigenous Maharashtrian design, ITC Maratha exudes an aura of understated grandeur.

- **ITC Gardenia, Bengaluru** is located in the commercial heart of Bengaluru. Overlooking the century-old Bangalore Club, the hotel is situated in the midst of the city's most elite neighbourhood. An abode for the indulgent and the aspirational, a sublime confluence of the city's unhurried past and its dynamic present, ITC Gardenia embodies the splendours of nature. With 292 luxury rooms and suites, it offers the discerning traveller a graceful haven. ITC Gardenia has the distinction of being India 's first hotel with permission to operate helicopters from its roof top elevated heliport, thereby allowing guests to arrive in their private helicopters, on request. Conveniently located close to city's major attractions like UB City, Kanteerava Stadium, Cubbon Park, Brigade Road and MG Road, the hotel is ideally situated for business and leisure travellers alike.

- **ITC Kohenur, Hyderabad** is an ode to rare and priceless experiences and creations and is a celebration of tradition and a triumph of culture. Located in the heart of Hyderabad's new business district, i.e., HITEC City, and overlooking the picturesque Durgam Lake, this hotel takes inspiration from the famed diamond and offers amongst the finest accommodation and dining experiences. This hotel offers a wide selection of 274 spacious rooms, along with suites and some of the largest serviced apartments in the city.

- **ITC Narmada**, **Ahmedabad** draws inspiration from the river Narmada along with the iconic architecture, vibrant culture and grandeur of Gujarat. The property is architecturally inspired by the Adalaj stepwells of Gujarat and has traditional 'toran' gateways adorning its façade. The hotel offers a wide selection of 291 well-appointed rooms and suites, offering a fine blend of world-class facilities and indigenous hospitality. Each floor of the hotel celebrates a distinct element of the vibrant state.

- **ITC Grand Bharat in Delhi NCR** comprises a retreat style property blending opulence with wellness and a one of its kind golf course in Asia. Set amidst the ancient Aravalli Range, ITC Grand Bharat is a tribute to five thousand years of unbroken civilization. The expansive retreat expresses inspiration through an architectural blend of ancient, medieval and modern Indian influences. This mosaic of luxury experiences encompasses 4 Presidential Villas, 100 suites, elaborate culinary experiences, conferencing facilities, Kaya Kalp—The Royal Spa and a host of other recreational facilities. The retreat has earned the status of being one of the finest destination wedding venues in India.

  The retreat is co-located with the prestigious Classic Golf & Country Club, a 27-hole Jack Nicklaus signature golf course, which is the first South Asian signature championship golf course. It is spread over 200 acres and comprises of an 18-hole signature championship course, a nine-hole signature canyon course, a social club and a sports complex which offers non-golfing sports and recreational activities.

- **ITC Grand Goa,** hidden away in a tranquil corner of south Goa, holds out the promise of an invigorating and intimate relaxed getaway. With direct access to the pristine, sun-drenched Arossim Beach, this 246 room resort is spread over a lush landscaped area. The 6 signature food and beverage outlets invite its guests to joyous culinary explorations from Goa and across the world. The resort offers multiple outdoor and indoor venues for bespoke banqueting, special events and weddings.

- **ITC Mughal, Agra** is located within walking distance to the Taj Mahal. This luxury resort offers 233 opulent rooms and suites, a resplendent spa, signature cuisine offerings and a range of elaborate banqueting facilities. With characteristic use of water channels, fruit trees, flowers and shaded walkways, the property recreates a paradise for its customers, exemplifying the splendour and perfection that was the hallmark of the Mughal Dynasty.

- **ITC Ratnadipa, Colombo**, launched in 2024, is the latest addition to the magnificent ITC Hotels portfolio of iconic properties. This luxury hotel is poised to create the ultimate luxury hospitality experience for discerning business and leisure travellers. The hotel is meticulously designed to showcase the beauty and rich culture of Sri Lanka, seamlessly blending contemporary elegance with timeless charm. With 352 luxurious guest rooms, suites and serviced apartments (out of which approximately 250 rooms have been launched till date), each adorned with private balconies with breath taking ocean views, this landmark property has already become an iconic feature of the Colombo skyline. Complementing its exquisite accommodations, the hotel also offers ten signature dining destinations that offer a repertoire of local, national, and global cuisine, including marquee offerings from our award-winning culinary brands.

Signature Cuisine Brands

We are distinctively recognised for our award-winning repertoire of iconic culinary brands revolving around indigenous ingredients and signature dining experiences. From bringing alive local flavors, cultures and age-old traditions to gourmet contemporary cuisine, we have been at the forefront of presenting gastronomical delights to food connoisseurs for decades.

Our signature cuisine brands, among others, include:

- ***Bukhara***, an iconic award-winning and a globally acclaimed North West Frontier cuisine restaurant at ITC Maurya, Delhi, which recently celebrated 45 glorious years of timeless flavours and cherished memories. Bukhara has become an epitome of culinary excellence and a global ambassador of Indian cuisine, which is renowned for its and unparalleled dining experiences. The restaurant is a timeless dedication to authenticity and has set benchmarks in gastronomy, earning accolades both in India and internationally.

- ***Avartana***, a first-of-its-kind open kitchen that culminates in an exclusive blend of South Indian delicacies that are both traditional and progressive and served in a sophisticated ambience. A restaurant blending traditional recipes with contemporary culinary techniques, Avartana at ITC Grand Chola, Chennai, recently featured at the number 1 spot in the Top Restaurant Awards 2024 by Conde Nast Traveler and has regularly featured in Asia's 50 best restaurants over the years. Currently, Avartana outlets are operational at Chennai, Kolkata, Mumbai, New Delhi and Colombo.

- ***Dum Pukht* –** A specialty restaurant that promises a regal dining experience through the finer nuances of Awadhi cuisine and its slow-cooked recipes. It commands a legacy of over three decades and the brand recreates a delicate symphony of flavours, reminiscent of an era of artful opulence.

The deep capabilities in food and beverage, developed over several decades enables us to deliver superior offerings in the banquet/ catering space. Over the years, we have provided catering services at several marquee events including at the ICC Cricket World Cup, Indian Premier League and several national and international events. We were also the official catering service provider for the G20 summit held in India in 2023 and exclusively curated and served at the prestigious summit.

Globally acclaimed wellness experiences

Our highly acclaimed award-winning spa brands viz. ***Kaya Kalp*** and ***K by Kaya Kalp***, present across our owned and select managed hotels, are home to India's rich therapeutic legacies and offer bespoke treatments inspired by ancient Indian therapies and global wellness practices. We operate 36 luxurious and premium spas under the abovementioned two brands in India and Sri Lanka, out of which 24 spas are present in our owned hotels and the balance across select managed hotels. Over the years, our spa brands have received numerous accolades for their exceptional services and luxurious offerings, including:

Hospitality India Awards
- 2024 – Best Luxury Spa 'Kaya Kalp' In India – ITC Mughal

Tatler, UK
- 2008 – Best City Spa Kaya Kalp – ITC Mughal

Global Spa Awards
- 2023 – Best Hotel Spa South – Kaya Kalp The Royal Spa – ITC Kohenur
- 2018 – Best Hotel Spa – Kaya Kalp – ITC Kohenur

Condé Nast Traveller
- 2019 – Favorite Spa in an Indian Hotel - Kaya Kalp - The Royal Spa – ITC Grand Bharat
- 2011 – Favourite Hotel Spa in India – ITC Mughal

Pioneers in green hoteliering and 'Responsible Luxury'

In an era in which environmental stewardship has become a key imperative for businesses, 'ITC Hotels' emerges as a global exemplar of sustainability in the hospitality industry. Our commitment to the ethos of 'Responsible Luxury' i.e. integrating luxury with sustainability, gives us the unique distinction of being the greenest luxury hospitality chain in the world.

We are the first Indian hotel chain to be honoured with the 'Leadership Award for Organization Excellence' by the U.S. Green Building Council ("**USGBC**"), thereby recognising our dedicated commitment to sustainability and environment responsibility for over 2 decades.

Sustainability initiatives

- **All Owned Hotels certified LEED Platinum®** *Largest chain in the world to achieve this feat*
- LEED Zero Carbon: *World's first 12 Hotels to receive LEED® Zero Carbon Certification*
- LEED Zero Water: *World's first 5 Hotels to receive LEED® Zero Water Certification*
- ***USGBC Leadership Award for Organizational Excellence 2024***
- *Surpassed 2030 GHG sectoral emission targets set as per COP 21*

Our 2030 Sustainability Goals

Net Zero Carbon Goal

LEED® Zero Carbon status for all Owned Hotels

To exceed 2050 GHG sectoral emissions targets set as per COP 21

Waste Reduction

Solid waste reuse / recycling **> 99%**

Water Efficiency

LEED® Zero Water Status for **> 50%** of Owned Hotels

40% reduction in fresh-water consumption (Baseline 2018)

The cornerstone of our sustainability interventions is our pioneering leadership in green buildings.

ITC Hotels is the first hotel chain in the world to have maximum number of LEED Platinum® certification for all its owned premium luxury hotels, the highest rating awarded by USGBC. We have been undertaking innovative steps towards realizing a greener and more sustainable world. Continuous efforts in the areas of energy conservation and efficiency, renewable energy and green buildings, have put ITC Hotels in a league of its own.

The world's first 12 hotels to achieve USGBC LEED® Zero Carbon Certification (Net Zero Carbon Status) are part of ITC Hotels group—ITC Windsor, ITC Grand Chola, ITC Gardenia, Welcomhotel Bengaluru, Welcomhotel Guntur, Welcomhotel Chennai, ITC Mughal, Welcomhotel Coimbatore, Sheraton New Delhi, ITC Grand Central, ITC Maratha and ITC Rajputana. We have implemented advanced energy management systems to monitor and reduce energy usage and have significantly scaled up the use of renewable energy sources—more than half of our electricity consumption is met through renewable sources, offsetting more than 56 million Kg of carbon-dioxide equivalent emissions annually. 12 of our hotels, i.e., ITC Grand Bharat, ITC Mughal, ITC Maratha, ITC Grand Central, ITC Windsor, ITC Gardenia, ITC Grand Chola, Sheraton New Delhi, Welcomhotel Bengaluru, Welcomhotel Chennai, Welcomhotel Coimbatore and Welcomhotel Guntur, operate substantially on renewable electrical energy.

Further, the world's first 5 hotels to achieve USGBC LEED® Zero Water Certification (Net Zero Water Status) are also part of ITC Hotels group—ITC Mughal, ITC Sonar, ITC Rajputana, ITC Maurya and Sheraton New Delhi. Several initiatives have been made to ensure water efficiency in our operations. All ITC Hotels are equipped with in-house water recycling systems. In all our properties, the entire waste water generated is treated through an onsite sewage treatment plant which is then utilized for other purposes. Excess treated water, if any, is shared with proximate areas, needy institutions and municipalities as a part of community service. We have also integrated rainwater harvesting systems to recharge groundwater, helping local water ecosystems and reducing the need for freshwater extraction. This comprehensive approach to water management underscores our deep commitment to sustainability.

We have surpassed our '2030 Emission Targets' set as per 21st Conference of Parties ("**COP 21**"), for 4 consecutive years (UN Climate Change, Paris agreement – ITP Report) as certified by a leading assurance agency on sustainability and carbon footprint. More than 99% of the waste generated in our hotels is recycled and/ or reused. Further, all ITC Hotels have onsite organic waste converters, and many properties also have bio-methanation plants, which produce bio gas from waste to be used as cooking gas in our kitchens. Our hotels also follow a 'reduce, reuse, recycle' approach in managing non-biodegradable waste. Our hotels have also annually eliminated nearly 3 lakh kgs of single-use plastics and use biodegradable or recyclable alternatives. The inhouse water bottling plant at our hotels ensures and delivers quality drinking water called '*Sunya Aqua*'. It involves zero external transportation related direct emissions and mitigates the requirement of plastic bottles.

We have seamlessly integrated world class luxury with a profound commitment to ecological and social balance, setting an exemplary standard at a global stage. By redefining the principles of sustainable luxury, the brand has positioned itself at the forefront of responsible hospitality, demonstrating that indulgence and environmental responsibility can co-exist harmoniously.

Leveraging Institutional Strengths

Our Promoter, ITC Limited's institutional strengths, including, its corporate brand reputation, robust governance systems and processes, sustainability credentials, digital capabilities, amongst others contribute significantly towards strengthening our business model and securing sustainable competitive advantage. Additionally, our hotels provide a platform for high quality consumer engagement and access to world class cuisine expertise for ITC's FMCG businesses. The world-class ambience of our luxury hotels continues to be leveraged for gourmet luxury chocolates under the 'Fabelle' brand with exclusive boutiques across nine ITC Hotels and kiosks at four Welcomhotels.

We have the exclusive license-in India for '**The Luxury Collection**' brand pursuant to license agreements with various affiliates of Marriott International Inc., USA ("Marriott")—a relationship that was initially established in 1979 (with Sheraton brand initially). Our hotels operate in the luxury and upper-upscale segment under various license agreements with Marriott—with 16 hotels operating under 'The Luxury Collection' brand (15 in India and 1 in Sri Lanka) and 1 hotel under the 'Sheraton' brand. The alliance with Marriott provides us access to their strong global distribution network and international loyalty & rewards programme - Marriott Bonvoy 210 mn Bonvoy members as on 30th June 2024.

Active asset management

We continuously undertake smart renovations to our existing hotels and food and beverage portfolio to ensure that our assets remain contemporary and address the evolving needs of our guests. Renovations are planned in a phased manner during lean seasons in order to minimise the impact of unavailable inventory during renovations and at the same time, improve business performance going forward.

Welcomhotel Chennai was re-opened in January 2024 after a comprehensive makeover. The iconic legacy hotel, in its new avatar, has 90 well-appointed rooms, grander banquets, signature dining experiences and a wellness centre and is an embodiment of contemporary design and smart facilities. The property is certified as a LEED Platinum® and LEED® Zero Carbon hotel. The rejuvenated hotel is now registering a two time increase in RevPAR, subsequent to the renovations.

Some of our other recent renovations include:

Owned hotel	Renovation	Year of completion	Impact of the renovation
ITC Grand Goa	Post its acquisition, the hotel was comprehensively renovated in three phases, i.e., 86 rooms in FY2022, 76 rooms in FY2023 and 84 rooms in FY2024	FY2024	The hotel is India's first LEED Platinum® resort and was awarded the 'Best Wedding Resort at Travel + Leisure India's Awards 2023'
ITC Windsor, Bengaluru	60% of the keys have been completely renovated in a phased manner, i.e.,19 rooms in FY2022, 36 rooms in FY2024 and 88 rooms in FY2025	FY2025	Property repositioned as a premium luxury offering in the Bengaluru market
ITC Kakatiya, Hyderabad	66 rooms renovated in FY2024 and the remaining keys along with public areas expected to be renovated by FY2026	FY2026 (estimated)	Rooms being renovated as per contemporary design, enabling it to reposition itself in the peer set and command superior ARR

We also focus on refreshing our restaurants portfolio to fortify our food and beverage supremacy. Our signature brand 'Avartana' was recently added to ITC Maratha and ITC Maurya, and has been well received by our consumers. Further, a new 'Peshawri' outlet was added at ITC Kohenur, Hyderabad, by efficiently utilising the space available at the hotel, thereby optimising our revenue generating area and improving asset utilisations. A cuisine refresh has been undertaken at ITC Gardenia, Bengaluru with the opening of 'Cajsa', which aims to redefine global flavours by taking diners on a culinary journey through the best of world cuisine.

Operational excellence

a) <u>Superior guest experience</u>

Our robust operational performance also reflects in our industry leading Net Promoter Score ("***NPS***") score of more than 80 (as on October, 2024), showcasing a high customer satisfaction index as against a global average of 58. Further, we have achieved a response rate of 98.5%, showcasing our active feedback monitoring capabilities.

b) <u>Cost efficiency</u>

We continue to focus on operational excellence and make structural cost management interventions to drive margin expansion. Over the past few years, we have optimised costs as a percentage of Revenue consistently, across all cost centres, including raw material, payroll costs, energy costs and other operating costs. This has led to competitively superior 'cost per key' metrics for our Hotels Business.

c) <u>Accelerated path to profitability—Recent launches</u>

On the back of our strengths and growth strategies, we have been able to achieve an accelerated path to profitability for our recent launches which became EBITDA positive within one year of their launch:

(i) ITC Kohenur, Hyderabad and Welcomhotel Bhubaneswar, Odisha became market leaders by Revenue within 2 years of their launch. Further, both properties were PBT positive in the second year from their launch (except Covid-19 impacted period).

(ii) ITC Narmada, Ahmedabad became a market leader by ARR within 1 year of its launch and turned PBT positive in the following year.

OUR STRATEGIES

Continued investment to enhance brand equity

Our brand equity is built on the pillars of authenticity, luxury and sustainability. We remain committed to offering our guests authentic and indigenous experiences that reflect the rich cultural heritage of India through our properties. Our Hotels Business commands an impeccable reputation built on the foundation of a strong legacy. The iconic stature of our brands epitomises best in class service, hospitality and sustainability credentials. Our distinctive brands offer a wide spectrum of hotels and resorts spread across the country, combined via a robust loyalty program, offering exclusive benefits and redemption value.

Our award-winning culinary brands built over five decades resonates with audiences of all ages and nationalities, enjoying international repute. The culinary offerings at our hotels are renowned for their excellence and diversity through our signature restaurants, such as ***Bukhara, Dum Pukht, Ottimo*** and ***Avartana***, which offer award-winning cuisines that celebrate regional flavours and culinary traditions. These dining experiences are an integral part of the brand's appeal and guest satisfaction.

The key strengths of our Company that encourages continuous engagement and customer loyalty comes from eminent architecture, knowledgeable staff, technology that enables sustainability, an all-encompassing loyalty program and gourmet dining and food experiences. We are a global trailblazer in sustainability with our *'Responsible Luxury'* ethos and our commitment to sustainability reflects in our LEED Platinum® certified properties, energy-efficient practices and pioneering initiatives to reduce environmental impact. Our world class loyalty programs contribute to enhancing customer satisfaction and loyalty, thereby strengthening our market position.

We have recently launched 2 new brands 'Mementos by ITC Hotels' in the luxury segment and 'Storii by ITC Hotels' in the boutique premium segment:

- **Mementos by ITC Hotels** aims to provide curated stays in the luxury segment, combining personalised service, exceptional dining and distinctive architecture. It is positioned as a collection of bespoke resorts, offering unique experiences inspired by the charm and essence of their locations. Travellers today are seeking novel, off-beat experiences, which are out of the ordinary, yet reflecting the familiarity and reassurance of a trusted brand. Every aspect of the Mementos experience is designed to create uniquely exquisite moments, from guest arrival to departure, and to transform these moments into unforgettable memories.

  The first property under this brand, ***Mementos by ITC Hotels Ekaaya Udaipur***, which opened in March 2023, offers a unique proposition of 'unseen Udaipur'. It is tucked away in the lap of Aravalli hills spread over approximately 50 acres, making it perfect for a tranquil and intimate retreat. The resort has cluster villas, each providing a breath-taking view of the panoramic Aravalli range. These villas exude a modern heritage feel and are nestled in an uninterrupted landscape, making them ideal for a rejuvenating or intimate getaway. The second property ***Mementos by ITC Hotels Jaipur*** has a unique positioning of 'a private Jaipur' hidden from the public eye and nestled at the foot of the Aravalli hills. Within a short span since its launch, the brand has carved a niche among discerning travellers who value luxury blended with local charm. Mementos properties are selected with an eye on their design aesthetics, blending seamlessly with their surroundings, while delivering world-class amenities and experiences. The curated, boutique-style approach appeals to affluent travellers looking for personalized experiences and unique stays. By integrating the essence of the local culture, architecture and traditions, Mementos enhances its appeal to both domestic and international travelers seeking authenticity. With strategic marketing and consistently exceptional experiences, it has strong potential to grow and deliver experiences across the length and breadth of the country.

- **Storii by ITC Hotels** was formulated with an endeavour to tap into the growing segment of new age experience seeking travellers. The brand is positioned in the boutique experiential space, offering unique experiences curated to deliver lasting memories. The brand differentiators include uniqueness for each hotel by style, usage or experiences, personalisation and local inspirations. It is fortified by service standardisation, along with a well curated menu containing signature dishes, reflecting the strength of our business.

  Since its launch, we have opened properties across seven leisure locations in the country. The brand has garnered excellent response in a short span of time, with six more Storii resorts scheduled to open in the coming year, and many more in the pipeline.

Leveraging 'asset-right' strategy to drive capital efficient growth

Our Company is poised for the next horizon of growth and sustained value creation for shareholders on the back of several factors, including:

1. An independent hospitality focused listed entity which will continue to leverage ITC Limited's institutional strengths, strong brand equity and goodwill for sustained value creation for its stakeholders.

2. Strong zero-debt balance sheet with robust free cash flows to fund our 'asset-right' strategy going forward.

3. Driving capital efficient growth through smart renovations, on-going projects, new greenfields.

4. Robust growth pipeline of 46 hotels with approximately 4300 keys (including 100 keys at ITC Ratnadipa), spread across all segments of Indian hospitality sector.

Luxury	Upper Upscale	Boutique	Mid to Upscale	Heritage
Mementos by ITC Hotels	Welcomhotel by ITC Hotels	Storii by ITC Hotels	Fortune Member ITC's hotel group	WelcomHeritage Palaces • Forts • Havelis • Resorts
1 Hotel 223 Keys	13 Hotels 1796 Keys	10 Hotels 578 Keys	18 Hotels 1439 Keys	4 Hotels 162 Keys

   The pipeline is spread across key business and leisure locations of India and Nepal, which will further enable our business to expand its presence in 26 new destinations. The pipeline has a high salience of brownfield assets with approximately 65% of hotel keys under various stages of active construction and the balance expected to commence construction shortly.

   With more than one hotel expected to be opened per month, on an average, for the next 24 months, the momentum can be leveraged to accelerate further.

5. Well-positioned to execute selective inorganic opportunities through value accretive mergers and acquisitions and strategic alliances.

Unlocking full potential of recent launches

Sweating existing assets is a core element of our strategy to drive operating performance and capital productivity. We believe that that there is significant headroom for revenue growth from owned/ licensed assets as over 20% of our inventory, launched within last 5 years, currently operates at less than 75% of potential occupancy. During the last 5 years, we have launched the following:

1. ITC Royal Bengal, Kolkata (in Financial Year 2020)
2. Welcomhotel Amritsar (in Financial Year 2020)
3. Welcomhotel Bhubaneshwar (in Financial Year 2022)
4. Welcomhotel Guntur (in Financial Year 2022)
5. ITC Narmada, Ahmedabad (in Financial Year 2023)

All of these properties are located in micro markets with high growth potential. Moreover, these properties have already created a strong foundation in their initial years of operation and are now poised to accelerate their growth trajectory.

In addition, ITC Ratnadipa, Colombo, launched in April 2024, is an icon of 'Responsible Luxury' with 352 guest rooms, suites and serviced apartments, and 132 luxury apartments ('***Sapphire Residences***')—each offering breath-taking views of the Indian ocean from private balconies. The investment outlay is substantially complete with the hotel being operationalised in a phased manner. Approximately 250 rooms are currently operational and the remaining 100 rooms are expected to be operational shortly. The completion of Sapphire Residences, comprising about 7.3 lakhs sqft. of saleable luxury residential space, is also currently underway. We believe that this one-of-its-kind mixed use development would be a significant contributor to Revenue and EBITDA of our Hotels Business, in the years ahead.

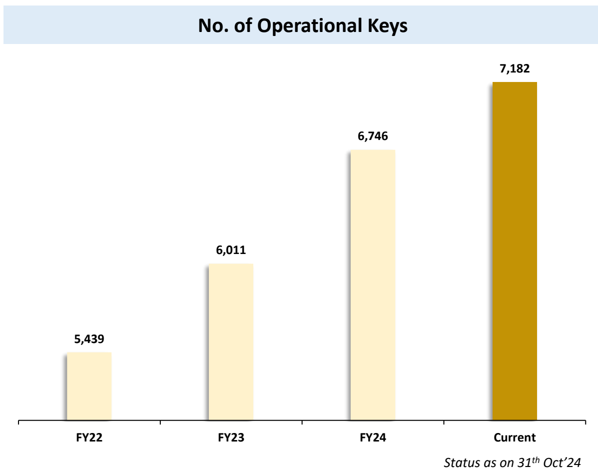
Greenfield Projects

Going forward, the current portfolio of owned/licensed inventory (approximately 5800 keys) will be augmented with the addition of over 300 keys through (a) greenfield projects at Puri, Odisha, (b) planned expansions at Bhubaneswar and opening of the remaining 100 rooms at ITC Ratnadipa, Colombo. Further, we will also strategically leverage the existing land bank to enhance our portfolio of owned hotels.

Rapid Scale-up of Managed/ Franchised Portfolio

We have strong strategic levers in place to accelerate growth through the management/ franchise route.

5 Decades of Hospitality Expertise	Bouquet of Brands across Segments	Sustainability Leadership
Food & Beverage Supremacy	Smart Revenue Management	Strong Loyalty & Distribution
Robust Processes & Brand Standards	World Class Digital Infrastructure	Strong Partner Ecosystem Network Effects



In the last 24 months, we have opened 28 managed hotels under various brands. All of these hotels have received excellent response from guests within a short span of time. This accelerated expansion reflects the growing confidence among property owners in our ability to deliver exceptional guest experiences and superior financial returns. Our managed/ franchised properties have been regularly featuring in various awards and accolades such as:

Looking ahead, we have a robust growth pipeline comprising 45 new managed/ franchised hotels and approximately 4000 keys with a high salience of brownfield assets. Our target is to open more than 1 hotel per month, on an average, over the next 24 months. Additionally, our strategy focuses on accelerating growth through premiumisation of our portfolio of managed/ franchised hotels—in the next 5 years, the salience of premium hotel keys (i.e., luxury, upper-upscale and upscale) is expected to increase to about 42% of our portfolio, from the current levels of 30%.

Augmenting new revenue streams

We continuously strive to increase our topline by augmenting new revenue streams, including:

a) ‘***Gourmet Couch***’, an app based online food delivery offering, delivers signature cuisines from our celebrated kitchens. Crafted with care and handled with utmost hygiene and safety, the mindfully curated menus bring gourmet food experiences to customers’ doorstep. The offering is currently available across 10 cities in India, including Agra, Ahmedabad, Bengaluru, Chennai, Delhi NCR, Goa, Hyderabad, Jaipur, Kolkata and Mumbai.

b) ‘***Club ITC Culinaire***’ is our paid luxury dining program, which offers a set of defined benefits to members such as savings on our iconic dining experiences, access to curated gourmet events, personalised gastronomic journeys, etc. The program endeavors to transform meals into cherished memories, connecting through the universal language of food.

c) ‘***ITC Club Privé***’ is a members only business club located at our iconic hotels, offering a bespoke experience matching meticulous service with unconditional privacy. Members also enjoy unrestricted access to the state-of-the-art board rooms, business centres and lounges with exquisite menus that offer unparalleled cuisine experiences. Members can also avail other hotel services, priority room and restaurant reservations, discounts etc.

d) Our signature ‘***Sleeep***’ boutiques offer a wide range of premium home bedding products with both online and offline retail options. The guiding philosophy behind this initiative is that sound sleep is not merely a time out from a busy schedule but an essential element of the well-being of our customers.

Digital First initiatives

Our customer centric digital transformation is driven by a strong strategic intent to adopt best-in-class digital technologies. Our modern application stack and robust infrastructure ensures the highest standards of guest experience, complementing our superior hospitality standards. Innovative digital interventions are geared to deliver exceptional customer experience, revolutionize operations, drive productivity and enhance competitiveness while maintaining high standards of security and data privacy. Some of our key digital initiatives include:

a. **Best in Class Mobile App**: The ITC Hotels’ App offers industry-leading features including in-room controls, ‘Gourmet Couch’, in-room dining and other rich features for Club ITC members. Upcoming versions will enhance the feature set by including seamless self-check-in, digital key and enhanced travel booking options.

b. **State of the Art Brand Website**: Our website is consistently refreshed to offer enhanced user experience and user interface and is built on a class leading platform (Adobe AEM). The modern, intuitive design powers a seamless & real-time booking experience along with a deeply integrated loyalty platform. This unified brand access drives conversions across our portfolio of owned/ licensed and managed/ franchised properties.

c. **Frictionless Guest Experience**: ITC Hotels were amongst the first, globally, to deploy state-of-the-art in-room automation at our flagship hotels, which significantly elevates the guest stay experience. As part of recent upgrades, we have enhanced the in-room automation with a modern Internet Protocol Television Interface featuring QR code based instant device pairing for casting, in-room dinning, spa & table reservation, 'Sleeep' boutique and other intuitive controls. Guest digital experience is being further enhanced by rollout of self-check-in & check-out via Kiosk/PWA, Gen AI based ChatBots etc.

d. **Advanced Distribution Platforms:** We have integrated all our frontline systems with the modern Sabre SynXis Central Reservation System, which allows seamless distribution of our entire brand portfolio room inventory across all booking channels. Also, our own code for global distribution system establishes a strong brand identity across all global distribution systems. These platforms enable direct reservations through our website, mobile app and the Guest Contact Centre.

e. **NextGen CRM**: We have implemented an enterprise grade CRM (Oracle Fusion) for streamlining and automating sales and marketing processes that energize the lead to deal cycle, account management, productivity tracking, omni channel & targeted marketing with micro-segmentation and a detailed 360 view of the customer.

f. **Superior Loyalty Platform**: The ***Club ITC*** loyalty program has been revamped to a cornerstone unified model, offering instant gratification across all our hotels and ITC e-Store. The loyalty platform is also being upgraded to industry leading ***Gravty*** application, which will significantly improve engagement with our esteemed loyalty base.

g. **Progressive Cloud Application Stack**: Our technology infrastructure is being significantly upgraded to meet the ever-evolving needs of the hospitality business. The transition is focused on getting all hotels (owned/ licensed and managed/ franchised) on the standardized cloud platform via a secure modern infrastructure—to allow us to offer a consistent technology platform as a service to all hotels – an industry first. This will also enable quicker on-boarding of new hotels and serve as an essential catalyst towards growing our hotel portfolio.

h. **Cybersecurity:** Security of our guests' information and transactions is paramount to us. We have implemented all critical and future ready security protocols & solutions viz. robust firewalls, next-Gen antivirus & anti-malware tools, end-to-end encryption, regular vulnerability assessments etc. to safeguard our technology infrastructure, applications, data and ensure continuity of business.

   We conduct periodic staff training in identifying phishing and other cyber risks to further bolster defences. By prioritizing data protection and investing in cutting-edge technology, our goal is to gain guest trust, uphold stakeholder confidence and create long-term value.

i. **World-Class Marketing Command Centre (Sixth Sense):** We use advanced marketing tools and analytics at our marketing command centre to reach our customers with the right proposition. Sixth Sense leverages AI, IoT, and data analytics to identify trends, anticipate needs, personalize interactions and deliver tailored services to customers. This enables us to quickly adapt to changing customer preferences to enhance customer satisfaction, foster loyalty, and ensure cohesive engagement.

Together these technologies enable us to enhance decision making, improve efficiency and deliver tailored services that drive guest satisfaction and business growth.

Employer of Choice

We deploy a large workforce of over 8,200 direct employees (excluding contractual employees) across our hotel properties.

Our talent philosophy is centred on attracting, developing and retaining best-in-class talent. This philosophy enables us to sustain our position as one of the world's leading Indian hospitality chains, stay guest-centric, nimble and performance-driven while delivering on our Responsible Luxury paradigm.

1. <u>Cultivating a Talent Ecosystem</u>

   The ITC Hospitality Management Institute (HMI) identifies the best talent from over 300 hospitality campuses across India through rigorous selection criteria and students join us under various management training programmes. The alumni of ITC HMI hold leadership positions within the Hotels Business and across the industry, underscoring our commitment to nurturing future leaders.

2. <u>Investing in Continuous Learning</u>

   Learning and Development Programmes are focused on developing skills for exceptional service, personalized interactions and anticipating guest needs—thereby enhancing overall guest satisfaction and brand loyalty. Accelerated Development Programs are offered to build competence in our internal talent to take on higher roles strengthening our 'Build from Within' culture. Recognition of these efforts includes accolades like the 'Skill India Industry Partner Award – 2024' and the 'Golden Peacock National Training Award – 2024' reflecting our commitment to workforce development.

3. <u>Fostering Inclusivity and Empowering Innovation</u>

   Under our flagship recognition programme – '*Aspire*', employees are recognized for their discretionary efforts and for exhibiting acts of excellence. Real time recognition schemes reinforce positive behaviour around the year, culminating into a year-end celebration with the annual Spotlight Awards. We are committed to enhance gender diversity, participation of the differently abled and LGBTQI+ community in the workforce. Our wellness initiatives address physical, mental and emotional health, creating a supportive environment where employees thrive both personally and professionally.

The effectiveness of our talent strategy is evident in our employee engagement levels, which consistently surpass industry benchmarks. We assess employee engagement levels through periodic surveys. The 2024 survey confirmed robust engagement levels—96% of employees express deep sense of pride and affiliation with the Hotels Business and 95% of employees believe strongly in the business's goals and objectives. These positive sentiments have been instrumental in maintaining our strong standing in the industry with respect to attrition rates and close to nil attrition rate in senior management levels. These engagement levels are also representative of our industry leading customer satisfaction levels.

AWARDS AND ACCOLADES

As a testament to our best-in-class service standards and rich culinary heritage, we have been accorded with several marquee awards by institutions of repute, as indicated below:

FINANCIAL PERFORMANCE

Our business has delivered stellar performance, clocking record highs in revenue and profits in FY 2023 and FY 2024, driven by strong growth in RevPAR across segments such as retail, contracted, MICE, weddings and marquee events hosted in the country.

Pro Forma Consolidated Financial Information

The Pro Forma Consolidated Financial Information for last three Financial Years and for six months period ended September 30, 2024 and September 30, 2023 is as follows:

Particulars	Six months period ended September 30, 2024	Six months period ended September 30, 2023	FY 2024	FY 2023	FY 2022
Occupancy %	67%	63%	69%	69%	54%
ARR (₹)	10,500	10,500	12,000	10,000	6,300
(for owned / licensed hotels)					
Overall Portfolio					
Owned hotels	25	24	24	25	24
Managed hotels	115	105	110	96	89
Total hotels	**140**	**129**	**134**	**121**	**113**
Owned keys	5,541	5,291	5,291	5,324	5,038
Managed keys	7,424	6,585	6,988	6,253	5,681
Total keys	**12,965**	**11,876**	**12,279**	**11,577**	**10,719**
Financial information (₹ cr.)					
Revenue from sale of products and services	1,456	1,263	3,003	2,599	1,308
Other operating revenue	15	15	31	30	12
Revenue from operations	**1,471**	**1,278**	**3,034**	**2,629**	**1,320**
Other income	17	26	35	24	24
Total income	**1,488**	**1,304**	**3,069**	**2,653**	**1,344**
Cost of goods sold	164	130	296	265	148
Employee benefits expense	323	271	586	541	461
Other expenses	571	490	1,148	1,015	640
EBITDA	**413**	**387**	**1,004**	**808**	**71**
Finance costs	3	3	7	7	7
Depreciation and amortization expense	200	147	298	292	264
Share of profit / (loss) of associates and joint ventures	8	7	13	16	(4)
Profit before tax/ (loss)	**235**	**270**	**747**	**549**	**(180)**
Capital employed	**8,846**	**8,172**	**8,580**	**7,680**	**7,159**
Capital expenditure	**313**	**368**	**878**	**590**	**498**

Notes:

1. *All values rounded off*
2. *Owned hotels include licensed properties. Managed hotels include franchised properties*
3. *Pursuant to the Scheme, the properties, assets, investments, employees, liabilities & contracts forming part of Hotels Business of ITC Limited are being transferred to our Company. An Operating Service Agreement is executed between ITC Limited and our Company to operate & manage ITC Grand Central, Mumbai. Accordingly, the financials relating to ITC Grand Central, Mumbai have not been factored in the Consolidated Financial Information of Hotels Business, provided above.*
4. *The financials for six months period ended September 30, 2024 include impact of gestation costs of ITC Ratnadipa, Colombo which was operationalized in April 2024.*
5. *FY 2024 Return on Capital Employed at 20% for properties with at least 5 years of operations.*

For further details, please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 265.

POST SCHEME ARRANGEMENTS

Post the Scheme coming into effect, the following key arrangements have been implemented, on an arm's length basis and in compliance with Applicable Laws, between our Company and ITC Limited, pursuant to clause 24 of the Scheme:

1. **Operating Services Agreement**, **ITC Grand Central**: As mentioned above, the management and operation of ITC Grand Central has been given by ITC Limited to our Company for a fee linked to the hotel's financial performance. The agreement also provides that our Company shall have the right to direct and determine all marketing, advertising, promotions, market research and public relations for ITC Grand Central.

2. **License of 'ITC' Housemark** : For the purposes of leveraging the goodwill and brand equity associated with the intellectual property of 'ITC', our Company and ITC Limited have entered into a license agreement dated December 31, 2024, under which the wordmark 'ITC', 'ITC' logo and other 'ITC' variant trademarks and other copyrights derived from the 'ITC' trademark (collectively hereinafter referred to as the "**Housemark**") has been licensed to our Company on a non-exclusive basis. The Housemark shall be used by our Company in relation to the products and services being offered by us and our Company shall pay royalty to ITC Limited, which is commercially agreed and on an arm's length basis.

3. **License of certain food and beverage brands**: The brands/trademarks 'Bukhara', 'Dakshin' and 'Dum Pukht' are used both by (a) the restaurants housed in hotels owned/ operated by our Company; and (b) in connection with other products marketed by ITC Limited. Accordingly, these brands/trademarks have been made available to our Company by ITC Limited through a license agreement under which our Company shall be permitted to use these brands/trademarks in relation to restaurants within hotels owned/ operated by our Company, for a royalty which is commercially agreed and on an arm's length basis.

4. The business shall have cash and cash equivalents of approximately ₹ 1500 crores to cater to planned growth and contingency requirements.

5. **Transition Services Agreement**: ITC Limited shall provide certain services to our Company vide a Transition Services Agreement dated December 31, 2024 for a period of 2 years from the Effective Date (which may be extended based on mutually agreed terms). Such services pertain to information technology services, and non-IT services, including advice and assistance in areas such as finance and accounts, taxation, human resources, legal, secretarial, environmental, health and safety and sustainability, renewable energy and corporate communications. These services will be provided by ITC Limited for service charges which are commercially agreed and on an arm's length basis.

Going forward, the financial statements of our Company shall adequately factor the impact of the abovementioned transactions.

Our Company has been rated AAA/Stable and A1+ for its Long term and Short term bank loan facilities, respectively, by CRISIL in January 2025.

COMPETITION

The hospitality industry in India is intensely competitive and we compete with large multinational and Indian companies. Our hotels are in the luxury, upper-upscale, boutique, mid-market to upscale and heritage segments of the hotel industry sector in India. We generally experience competition from chain-affiliated hotels in all the above stated segments. Our success is largely dependent upon our ability to compete in areas such as room rates, location of the property, brand recognition, quality of accommodation, service levels and the quality and scope of other amenities, including F&B facilities. For key financial details of our peers, see '*Industry Overview*' on page 70.

See also "*Risk Factors - The hotel industry and retail food and beverage industry are intensely competitive and there can be no assurance that the new or existing competitors will not significantly expand or improve facilities in the markets in which we operate"* on page 22.

INTELLECTUAL PROPERTY

We have registered trademarks under several classes. As on the date of the Information Memorandum, our Company has over 550 registered trademarks and over 50 trademark applications which are currently pending.

See also "*Risk Factors—We have licensing arrangements with the Promoter to use the "ITC" brand and other brands such as "Bukhara", "Dakshin" and "Dum Pukht". Any improper use of such trademarks by the Promoter or any other third parties, or termination of such licensing arrangements, could materially and adversely affect our business, financial condition and results of operations. Further, if any trademarks or intellectual property of our Company are infringed by third parties or improperly used, it may be detrimental to us.*" on page 25 and "*Risk Factors – Any failure to protect our trademarks and other intellectual property could reduce the value of our brands and harm our business.*" on page 33.

EMPLOYEES

We employ over 8,200 direct employees (excluding contractual employees). The table below sets forth details of the number of employees:

S. No.	Particulars	Number of Employees
1	Key Managerial Personnel and Senior Management	11
2	Manager and above	1,322
3	Staff and Associates	6,892
	Total	**8,225**

IMMOVABLE PROPERTIES

Our Registered Office is located at Virginia House, 37 Jawaharlal Nehru Road, Kolkata 700 071, West Bengal, India and our Corporate Office is located at ITC Green Centre, 10 Institutional Area, Sector 32, Gurugram 122 001, Haryana, India. Our Corporate Office is owned by us, while our Registered Office is owned by ITC Limited, our Promoter.

Our owned hotels as on date are located either on freehold or on leasehold land.

KEY REGULATIONS AND POLICIES

The following is an overview of certain key sector specific relevant laws and regulations in India which are applicable to the operations of our Company and its Subsidiaries. The information available in this section has been obtained from publications available in public domain. The description of laws and regulations set out below may not be exhaustive and is only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of the Indian law and the judicial, regulatory and administrative interpretations thereof, which are subject to change or modification by subsequent legislative actions, regulatory, administrative, quasi-judicial, or judicial decisions.

For details of the material government approvals obtained by us in relation to these laws and regulations, see "Government and Other Approvals" beginning on page 287.

A. Industry related Regulations:

Hotel Classification Guidelines

With the aim of providing contemporary standards of facilities and services available in the hotels, the Ministry of Tourism, Government of India ("**Tourism Ministry**") has issued guidelines dated January 19, 2018 for approval of hotel projects and star classification of operational hotels. The Hotel and Restaurant Approval and Classification Committee inspects and assesses the hotels based on various facilities and services offered by it. Hotel projects are approved at implementation stage and hotels are classified under Star Category Hotels or Heritage Category Hotels once they are operational. Star Category Hotels include the following sub-categories: 5 Star Deluxe, 5 Star (with or without alcohol services), 4 Star (with or without alcohol services), 3 Star, 2 Star and 1 Star hotels.

The Tourism Ministry has also issued guidelines for classification of heritage hotels. Hotels running in palaces, castles, forts, havelies, hunting lodges or residences which were built prior to the year 1950 can seek classification in a heritage category. The classification into the sub-categories, Heritage, Heritage Classic or Heritage Grand, is based on the features and amenities of the hotel, including number of rooms, conformity of the general features and ambience to the overall concept of heritage and architectural distinctiveness, availability of sporting facilities, type of cuisine offered, quality of service and years of experience of the owner/staff.

The Tourism Ministry has also issued separate guidelines for approval and classification/reclassification of apartment hotels. Full operational apartment hotels are classified into the following sub-categories: 5 Star Deluxe, 5 Star, 4 Star and 3 Star.

The Food Safety and Standards Act, 2006 ("FSS Act")

The FSS Act consolidates laws relating to food and establishes the Food Safety and Standards Authority of India ("**FSSAI**"), lays down science based standards for food articles and regulates their manufacture, storage, distribution, sale and import, to ensure availability of safe and wholesome food for human consumption. The standards prescribed by the FSSAI also includes specifications for food activities, flavourings, processing aids and material in contact with food, ingredients, contaminants, pesticide residue, biological hazards and labels. The FSS Act also sets out, among other things, the requirements for licensing and registration of food businesses, general principles of food safety and responsibilities of a food business operator and liability of manufacturers and sellers. The FSS Act also lays out procedure for adjudication by the Food Safety Appellate Tribunal. Further, the Food Safety and Standards Rules, 2011 ("**FSS Rules**") lays down detailed standards for various food products, which include, among others, specifications for ingredients, limit of quantities of contaminants, tolerance limits of pesticide drugs residue, biological hazards and labels. For enforcement under the FSS Act, the 'Commissioner Of Food Safety', 'Food Safety Officer', and 'Food Analyst' have been granted with detailed powers of seizure, sampling, taking extracts, and analysis under the FSS Rules. The FSSAI has also framed, among others, the following food safety and standards regulations in relation to various food products and additives:

(i) Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011;

(ii) Food Safety and Standards (Packaging and Labelling) Regulations, 2011;

(iii) Food Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011;

(iv) Food Safety and Standards (Prohibition and Restriction on Sales) Regulations, 2011;

(v) Food Safety and Standards (Contaminants, Toxins and Residues) Regulations, 2011;

(vi) Food Safety and Standards (Approval for Non-Specified Food and Food Ingredients) Regulations, 2017;

(vii) Food Safety and Standards (Alcoholic Beverages) Regulations, 2018;

(viii) Food Safety and Standards (Packaging) Regulations, 2018; and

(ix) Food Safety and Standards (Labelling and Display) Regulations, 2020.

Tourism Policy of Government of India

In order to develop tourism in India in a systematic manner, position it as a major engine of economic growth and harness its direct and multiplier effects for employment and poverty eradication in an environmentally sustainable manner, the National Tourism Policy was formulated in the year 2002 ("**Tourism Policy**"). Broadly, the Tourism Policy attempts to:

(i) Position tourism as a major engine of economic growth;

(ii) Harness the direct and multiplier effects of tourism for employment generation, economic development and providing impetus to rural tourism;

(iii) Focus on domestic tourism as a major driver of tourism growth;

(iv) Position India as a global brand to take advantage of the burgeoning global travel trade and the vast untapped potential of India as a destination;

(v) Acknowledge the critical role of the private sector with the government working as a pro- active facilitator and catalyst;

(vi) Create and develop integrated tourism circuits based on India's unique civilization, heritage, and culture in partnership with the state governments, private sector and other agencies; and

(vii) Ensure that the tourist to India gets physically invigorated, mentally rejuvenated, culturally enriched, spiritually elevated and feels India from within.

B. Environmental Legislations:

Environment (Protection) Act, 1986 ("Environment Act"), the Environment (Protection) Rules, 1986 ("Environment Rules") and the Environmental Impact Assessment Notification, 2006 (the "EIA Notification")

The Environment Act is an umbrella legislation designed to provide a framework for the Central Government to coordinate activities of various state and central authorities established under previous environmental laws. The Environment Act specifies that no person carrying on any industry, operation or process shall discharge or emit or permit to be discharged or emitted any environment pollutants in excess of such standards as may be prescribed. The Environment Act empowers the Central Government to make rules for various purposes viz., to prescribe:

(i) the standards of quality of air, water or soil for various areas;

(ii) the maximum allowable limits of concentration of various environmental pollutants for different areas;

(iii) the procedures and safeguards for the prevention of accidents which may cause environmental pollution and remedial measures for such accidents; and

(iv) the procedures and safeguards for extracting and utilizing ground water.

Further, pursuant to Environment Rules, every person who carries on an industry, operation or process requiring consent under Water (Prevention and Control of Pollution) Act, 1974 ("**Water Act**") or Air (Prevention and Control of Pollution) Act, 1981 ("**Air Act**") or shall submit to the concerned Pollution Control Board ("**PCB**") an environmental statement for that financial year in the prescribed form.

Additionally, under the EIA Notification and its subsequent amendments, projects are required to mandatorily obtain environmental clearance from the concerned authorities depending on the potential impact on human health and resources.

The Noise Pollution (Regulation & Control) Rules, 2000 ("The Noise Regulation Rules")

The Noise Regulation Rules regulate noise levels in industrial (75 decibels), commercial (65 decibels) and residential zones (55 decibels). The Noise Regulation Rules also establish zones of silence of not less than 100 meters near schools, courts, hospitals, etc. The Rules also assign regulatory authority for these standards to the local district courts. Penalty for non-compliance with the Noise Regulation Rules shall be under the provisions of the Environment (Protection) Act, 1986.

The Air (Prevention and Control of Pollution) Act, 1981 ("Air Act")

The Air Act stipulates that no person shall, without prior written consent of the relevant state pollution control board, establish or operate any industrial plant in an air pollution control area, as notified by the state pollution control board.

The Water (Prevention and Control of Pollution) Act, 1974 ("Water Act")

The Water Act aims to prevent and control water pollution and to maintain or restore water purity and any person intending to establish any industry, operation or process or any treatment and disposal system which is likely to discharge sewage or trade effluent into a stream or well or sewer or on land is required to obtain prior consent of the relevant state pollution control board.

The Hazardous And Other Wastes (Management and Transboundary Movement) Rules, 2016 ("Hazardous Waste Rules")

The Hazardous Waste Rules regulate the management, treatment, storage and disposal of hazardous waste by imposing an obligation on every occupier and operator of a facility generating hazardous waste to obtain an approval from the relevant state pollution control board and to dispose of such waste without harming the environment.

Public Liability Insurance Act, 1991 ("Public Liability Act")

The Public Liability Act imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of 'hazardous substances' covered by the Public Liability Act has been enumerated by the Government pursuant to a notification. The owner or handler is also required to take out an insurance policy insuring against liability under this legislation.

C. Tax related Legislations:

The following is an indicative list of tax related laws that are applicable to our Company:

Finance Act, 2024

The Finance Act, 2024 received the assent of the President on February 15, 2024 and came into force on April 01, 2024 to give effect to the financial proposals of the Central Government for the financial year 2024-25. This Act contains necessary amendments in direct and indirect taxes signifying the policy decisions of the Union Government for the year 2024-25.

Income Tax Act, 1961

Income Tax Act, 1961 is applicable to every domestic / foreign company whose income is taxable under the provisions of this Act or Rules made under it depending upon its residential status and type of income involved. Under Section 139(1) every company is required to file its Income Tax Return. Other compliances like those relating to Tax Deduction at Source, Advance Tax, and Minimum Alternative Tax and like are also required to be complied by every company.

Goods and Services Tax

GST is a comprehensive indirect tax on manufacture, sale and consumption of goods and services throughout India to replace taxes levied by the central and state governments. It was introduced as The Constitution (One Hundred and First Amendment) Act 2016, following the passage of Constitution 101st Amendment Bill. GST-registered businesses are allowed to claim tax credit to the value of GST they paid on purchase of goods or services as part of their normal commercial activity. Administrative responsibility rests with a single authority to levy tax on goods and services. Exports would be considered as zero-rated supply and imports would be levied the same taxes as domestic goods and services adhering to the destination principle in addition to the Customs Duty which is not subsumed in GST.

Profession Tax

The profession tax slabs in India are applicable to those citizens of India who are either involved in any profession or trade. The State Government of each State is empowered with the responsibility of structuring as well as formulating the respective profession tax criteria and is also required to collect funds through profession tax. The profession taxes are charged on the incomes of individuals, profits of business or gains in vocations. The profession tax is charged as per the List II of the Constitution. The profession taxes are classified under various tax slabs in India. The tax payable under the State Acts by any person earning a salary or wage shall be deducted by his employer from the salary or wages payable to such person before such salary or wages is paid to him, and such employer shall, irrespective of whether such deduction has been made or not when the salary and wage is paid to such persons, be liable to pay tax on behalf of such person and employer has to obtain the registration from the assessing authority in the prescribed manner. Every person liable to pay tax under these Acts (other than a person earning salary or wages, in respect of whom the tax is payable by the employer), shall obtain a certificate of enrolment from the assessing authority.

D. Property related Laws:

The Company is required to comply with central and state laws in respect of property. Central laws that may be applicable to our Company's operations include the Transfer of Property Act, 1882, Registration Act, 1908, Indian Stamp Act, 1899, and Indian Easements Act, 1882.

In addition, regulations relating to classification of land may be applicable. Usually, land is broadly classified under one or more categories such as residential, commercial or agricultural. Land classified under a specified category is permitted to be used only for such specified purpose. Where the land is originally classified as agricultural land, in order to use the land for any other purpose the classification of the land is required to be converted into commercial or industrial purpose, by making an application to the relevant municipal or town and country planning authorities. In addition, some State Governments have imposed various restrictions, which vary from state to state, on the transfer of property within such states. Land use planning and its regulation including the formulation of regulations for building construction, form a vital part of the urban planning process.

Various enactments, rules and regulations have been made by the Central Government, concerned State Governments and other authorized agencies and bodies such as the Ministry of Urban Development, State land development and/or planning boards, local municipal or village authorities, which deal with the acquisition, ownership, possession, development, zoning, planning of land and real estate. Each state and city has its own set of laws, which govern planned development and rules for construction (such as floor area ratio or floor space index limits). The various authorities that govern building activities in states are the town and country planning departments, municipal corporations and the urban arts commission.

The Transfer of Property Act, 1882 ("TP Act")

The TP Act establishes the general principles relating to transfer of property in India. It deals with the various methods in which transfer of property including transfer of immovable property or any interest in relation to that property, between individuals, firms and companies takes place. The TP Act stipulates the general principles relating to the transfer of property including among other things identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property. The TP Act also provides for the rights and liabilities of the vendor and purchaser, and the lessor and lessee in a transaction of sale or lease of land, as the case may be. The TP Act also covers provisions with respect to mortgage of property.

Registration Act, 1908

The Registration Act, 1908 ("**Registration Act**") details the formalities for registering an instrument. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes, inter alia, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in the present or in future, any right, title or interest, whether vested or contingent, in immovable property of the value of Rs.100/- or more, and a lease of immovable property for any term exceeding one year or reserving a yearly rent. The Registration Act also stipulates the time for registration, the place for registration and the persons who may present documents for registration. Any document which is required to be compulsorily registered but is not registered will not affect the subject property, nor be received as evidence of any transaction affecting such property (except as evidence of a contract in a suit for specific performance or as evidence of part performance of a contract under the TP Act or as evidence of any collateral transaction not required to be effected by registered instrument), unless it has been registered.

Indian Stamp Act, 1899

Stamp duty is payable on all instruments/ documents evidencing a transfer or creation or extinguishment of any right, title or interest in immoveable property. The Stamp Act provides for the imposition of stamp duty at the specified rates on instruments listed in Schedule I of the Stamp Act. However, under the Constitution of India, the states are also empowered to prescribe or alter the stamp duty payable on such documents executed within the state. Instruments chargeable to duty under the Stamp Act but which have not been duly stamped, are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments by certain specified authorities and bodies and imposition of penalties, for instruments which are not sufficiently stamped or not stamped at all. Instruments which have not been properly stamped instruments can be validated by paying a penalty of up to 10 times of the total duty payable on such instruments.

E. Intellectual Property Laws:

The Copyright Act, 1957 ("Copyright Act")

The Copyright Act protects literary and dramatic works, musical works, artistic works including photographs and audio visual works (cinematograph films and video). The Copyright Act specifies that for the purposes of public performance of Indian or international music, a public performance license must be obtained. All those who play pre-recorded music in the form of gramophone records, music cassettes or compact discs in public places have to obtain permission for sound recordings.

The Trade Marks Act, 1999 ("Trade Marks Act")

The Trade Marks Act provides for application and registration of trademarks in India. It also provides for exclusive rights to marks such as brand, label, and heading and to obtain relief in case of infringement for commercial purposes as a trade description. The Trade Marks Act prohibits registration of deceptively similar trademarks and provides penalties for infringement, falsifying or falsely applying trademarks.

F. Foreign investment Laws and Regulations:

Foreign investment in India is governed by the provisions of FEMA Rules along with the rules, regulations and notifications made by the Reserve Bank of India thereunder, and the consolidated FDI Policy ("**FDI Policy**") issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India from time to time. Further, the RBI has enacted the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 which regulate the mode of payment and reporting requirements for investments in India by a person resident outside India. Under the current FDI Policy (effective October 15, 2020), 100% foreign direct investment in companies engaged in the hotels/hospitality sector as well as those engaged in construction development of hotel projects, is permitted, under the automatic route, i.e., without requiring prior government approval, subject to compliance with certain prescribed conditions.

In terms of the SEBI FPI Regulations, the investment in Equity Shares by a single FPI or an investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) must be below 10% of our Equity Share capital. Further, in terms of the FEMA Rules, the total holding by each FPI or an investor group shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e., up to 100%).

G. Labour Law Legislations:

The employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws, including the

(i) Payment of Wages Act, 1936;

(ii) Minimum Wages Act, 1948;

(iii) Employees' State Insurance Act, 1948;

(iv) Employees' Provident Funds and Miscellaneous Provisions Act, 1952;

(v) Payment of Gratuity Act, 1972;

(vi) Payment of Bonus Act, 1965;

(vii) Maternity Benefit Act, 1961;

(viii) Child Labour (Prohibition and Regulation) Act, 1986;

(ix) Right of Persons with Disabilities Act, 2016;

(x) Contract Labour (Regulation and Abolition) Act, 1970;

(xi) Building and Other Construction Workers' Welfare Cess Act, 1996;

(xii) Labour Welfare Fund Legislations; and

(xiii) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

In order to rationalize and reform labour laws in India, the Government has enacted the following codes:

The Code on Wages, 2019

The Code on Wages, 2019 regulates and amalgamates laws relating to wage and bonus payments and subsumes four existing laws namely – the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976. It regulates, among other things, the minimum wages payable to employees, the manner of payment and calculation of wages and the payment of bonus to employees. Certain provisions of this code pertaining to central advisory board have been brought into force by the Ministry of Labour and Employment through a notification dated December 18, 2020 and other provisions of this code will be brought into force on a date to be notified by the GoI.

Industrial Relations Code, 2020

Industrial Relations Code, 2020, which consolidates and amends laws relating to trade unions, the conditions of employment in industrial establishments and undertakings, and the investigation and settlement of industrial disputes received the assent of the President of India on September 28, 2020. It subsumes the Trade Unions Act, 1926, the Industrial Employment (Standing Orders) Act, 1946 and the Industrial Disputes Act, 1947.

The Code on Social Security, 2020 ("Social Security Code")

The Social Security Code amends and consolidates laws relating to social security, and subsumes various social security related legislations, among other things, including the

(i) Employee's Compensation Act, 1923;

(ii) Employees' State Insurance Act, 1948;

(iii) Employees' Provident Funds and Miscellaneous Provisions Act, 1952;

(iv) Maternity Benefit Act, 1961;

(v) Payment of Gratuity Act, 1972;

(vi) Unorganized Workers' Social Security Act, 2008 and

(vii) Building and Other Construction Workers' Welfare Cess Act, 1996;

The Social Security Code received the assent of the President of India on September 28, 2020. It governs the constitution and functioning of social security organisations such as the Employees' Provident Fund and the Employees' State Insurance Corporation, regulates the payment of gratuity, the provision of maternity benefits and compensation in the event of accidents that employees may suffer, among others. The Social Security Code has introduced the concept of workers outside traditional employer-employee work-arrangements such as 'gig workers' and 'platform workers' and provides for the mandatory registration of such workers in order to enable these workers to avail benefits of, among others, life and disability cover, health and maternity benefits, old age protection, under schemes framed under the Social Security Code from time to time. The provisions of this code will be brought into force on a date to be notified by the GoI.

The Occupational Safety, Health and Working Conditions Code, 2020

The Occupational Safety, Health and Working Conditions Code, 2020, consolidates and amends the laws regulating the occupational safety and health and working conditions of the persons employed in an establishment. It replaces certain old central labour laws including the Contract Labour (Regulation and Abolition) Act, 1970, the Factories Act, 1948, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 and the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996.

The provisions of the above-mentioned labour codes, which are not yet in force, are not applicable on the Company as on the date of this Information Memorandum. The same would become applicable with effect from the date to be notified by the GoI.

H. Consumer Laws:

Consumer Protection Act, 2019 ("CP Act")

The CP Act provides a mechanism for the consumer to file a complaint against a service provider in cases of unfair trade practices, restrictive trade practices, deficiency in services, price charged being unlawful and food served being hazardous to life. It provides for a three tier consumer grievance redressal mechanism at the national, state and district levels. Non-compliance of the orders of the redressal commissions attracts criminal penalties. The CP Act has, inter alia, introduced a Central Consumer Protection Council to promote, protect and enforce the rights of consumers and to provide relief to a class of consumers.

Consumer Protection (E-Commerce) Rules, 2020 ("E-Commerce Rules")

The Ministry of Consumer Affairs issued the E-Commerce Rules under the Consumer Protection Act, 2019 on July 23, 2020. The E-Commerce Rules provide a framework to regulate the marketing, sale and purchase of goods and services online. These rules apply to (a) goods/services purchased or sold vide digital or electronic network, including digital products; (b) marketplace and inventory e-commerce entities; (c) all e-commerce retailing; and (d) forms of unfair trade practices across all e-commerce models. The E-Commerce Rules further requires the e-commerce entity to appoint grievance officer and provide for a grievance redressal mechanism. Any violation of these rules attracts penal action under the Consumer Protection Act, 2019.

I. Other Applicable Laws:

State Laws

We own and operate hotels in various states. Accordingly, legislations passed by the state governments are applicable to us in those states. These include legislations relating to, among others, classification of fire prevention and safety measures and legislations dealing with license for sale of alcohol. Further, we require several approvals from local authorities such as municipal bodies. The approvals required may vary depending on the state and the local area.

Municipality Laws

Pursuant to the Constitution (Seventy-Fourth Amendment) Act, 1992, the respective state legislatures in India have power to endow the municipalities with power to implement schemes and perform functions in relation to matters listed in the Twelfth Schedule to the Constitution of India. The respective states of India have enacted laws empowering the municipalities to issue trade license for operating eating outlets and implementation of regulations relating to such license along with prescribing penalties for non-compliance.

Shops and Establishments legislations in various states

Under the provisions of local shops and establishment legislations applicable in the states in which establishments are set up, establishments are required to be registered under the respective legislations. These legislations regulate the condition of work and employment in shops and commercial establishments and generally prescribe obligations in respect of, among others, registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

Airports Authority of India Act, 1994 ("AAI Act")

The AAI Act, among others, prohibits construction of any building or erection, placement or raising any moveable or immoveable structure or fixture on or in front of any airport premises (as defined in the AAI Act), except in accordance with an approval required to be obtained from the Airports Authority of India.

Excise Laws

Under the Seventh Schedule of the Constitution of India, state legislature is empowered to levy duty of excise on alcoholic liquor made for human consumption. Different state legislatures have enacted state legislations dealing with license for sale of alcohol. Any person selling alcoholic liquor is required to obtain appropriate license under the state legislation. Such license is issued and classified based upon the nature and type of alcoholic liquor.

Police Laws and Fire Prevention Laws

We own and operate hotels in various states. Accordingly, legislations passed by such state governments are applicable to us in those states. These include legislations relating to inter alia classification of land use, fire prevention and safety measures by occupiers of buildings, lifts, signage and legislations dealing with license for sale of alcohol. Further, we require several approvals from local authorities such as municipal bodies. The approvals required may vary depending on the state and the local area we are operating in. Further, the state governments have also enacted laws regulating public order and police, which provide, inter alia, for the licensing of places of public amusement or entertainment, registering eating houses and obtaining a 'no objection certificate' for operating such eating houses with the police station located in that particular area, along with prescribing penalties for non-compliance.

Legal Metrology Act, 2009 ("LM Act")

The LM Act seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure, or number. The LM Act provides for, inter alia, standard weights and measures and requirements for verification and stamping of weight and measure. It lays down that the Central Government may prescribe the kinds of weights and measures for which the verification is to be done through the government approved test centre. Further, the LM Act lays down penalties for various offences, including but not limited to, using non-standard weight or measure, making any transaction, deal or contract in contravention of prescribed standards, counterfeiting of seals and tampering with license.

Information Technology Act, 2000

The Information Technology Act seeks to provide legal recognition to transactions carried out by various means of electronic data interchange and other means of electronic communication and facilitate electronic filing of documents with the Government agencies. It also creates a mechanism for the authentication of electronic documentation through digital signatures. It prescribes punishment for publishing and transmitting obscene material in electronic form. It provides for extraterritorial jurisdiction over any offence or contravention under the Information Technology Act committed outside India by any person, irrespective of their nationality, if the act or conduct constituting the offence or contravention involves a computer, computer system or computer network located in India. Additionally, the Information Technology Act empowers the Government of India to direct any of its agencies to intercept, monitor or decrypt any information generated, transmitted, received or stored in any computer source in the interest of sovereignty, integrity, defence and security of India, among other things.

The Digital Personal Data Protection Act, 2023 ("DPDP Act")

The DPDP Act seeks to balance the rights of individuals to protect their personal data with the need to process personal data for lawful and other incidental purposes. All data fiduciaries, determining the purpose and means of processing personal data, are mandated to provide a notice to data principals in plain and clear language containing a description of the personal data sought to be collected along with the purpose of processing such data.

The DPDP Act further provides that personal data may be processed only for a lawful purpose after obtaining the consent of the individual. Notice must be given before seeking consent. The notice should contain details about the personal data to be collected and the purpose of processing. Consent may be withdrawn at any point in time. An individual whose data is being processed (data principal), will have the right to: (i) obtain information about processing, (ii) seek correction and erasure of personal data, (iii) nominate another person to exercise rights in the event of death or incapacity, and (iv) grievance redressal. Data principals will have certain duties. They must not: (a) register a false or frivolous complaint, and (b) furnish any false particulars or impersonate another person in specified cases.

The DPDP Act received the assent of the President of India on August 11, 2023. However, the provisions of the DPDP Act are yet to be enforced, and will become applicable on the Company with effect from the date to be notified by the GoI.

In addition to the above, our Company is required to comply with the provisions of the Companies Act, various other tax related legislations, and various state-specific legislations and other applicable statutes and laws for its day-to-day operations.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as a public limited company under the Companies Act, 2013 with the name 'ITC Hotels Limited' and a certificate of incorporation dated July 28, 2023 was issued by the Registrar of Companies, Kolkata, at West Bengal.

Pursuant to the Scheme of Arrangement effective January 1, 2025, the Demerged Undertaking comprising the Hotels Business of ITC Limited was demerged from ITC Limited into our Company on a going concern basis and in consideration, our Company issued New Equity Shares to the shareholders of ITC Limited, in accordance with the provisions of the Scheme of Arrangement and on the basis of the share entitlement ratio set out therein.

Changes in the registered office of our Company

The registered office of our Company is located at Virginia House, 37 Jawaharlal Nehru Road, Kolkata -700 071, West Bengal, India.

There has been no change in the registered office of our Company since incorporation.

Main objects as set out in the Memorandum of Association of our Company

The main objects of our Company as contained in Clause 3(a) of our Memorandum of Association are:

"

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

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

Amendments to the Memorandum of Association of our Company

There have been no changes to the Memorandum of Association of our Company since incorporation.

Major events and milestones our Company

The following table sets forth the key events and milestones in the history of the Company since its incorporation:

Year	Event
2023	Incorporation of the Company
2025*	Transfer and vesting of the Demerged Undertaking into the Company pursuant to the Scheme

** The Scheme was approved by NCLT vide its order dated October 4, 2024.*

Awards, accreditations and recognitions

The awards, accreditations and recognitions received in relation to the Hotels Business (which has been transferred to our Company pursuant to the Scheme of Arrangement), are as detailed in the section titled "*Our Business*" on page 149.

Time and cost over-runs

As on the date of this Information Memorandum, there are no time and cost overruns pertaining to the Company's business operations.

Defaults or re-scheduling, restructuring of borrowings with financial institutions/banks

As on the date of this Information Memorandum, there are no defaults or re-scheduling/restructuring in relation to borrowings availed by the Company from any financial institutions or banks.

Significant financial or strategic partners

As of the date of this Information Memorandum, our Company does not have any significant financial or strategic partners.

Launch of key products or services, entry into new geographies or exit from existing markets

For details of key products or services launched by our Company or ITC Limited (in relation to the Hotels Business which has been subsequently transferred to our Company pursuant to the Scheme of Arrangement), entry into new geographies or exit from existing markets, please see "*Our Business*" on page 149.

Details regarding material acquisitions or divestments of business/undertakings/mergers and amalgamations, any revaluation of assets

Other than pursuant to the Scheme of Arrangement and as disclosed below, as on the date of this Information Memorandum, there have been no material acquisitions or divestments of business, undertakings, mergers, amalgamations or revaluation of assets since the incorporation of the Company.

Restructuring contemplated under the Scheme of Arrangement

For further details of restructuring contemplated under the Scheme of Arrangement, please see "*Scheme of Arrangement*" on page 183.

Our Holding Company

As on the date of this Information Memorandum, our Company does not have any holding company in terms of Section 2(46) of the Companies Act, 2013.

Our Subsidiaries

As on the date of this Information Memorandum, our Company has the following Subsidiaries:

Direct Subsidiaries

1. Fortune Park Hotels Limited

Corporate Information

Fortune Park Hotels Limited ('FPHL') was incorporated as public limited company on July 26, 1995. Its Corporate Identity Number is U55101HR1995PLC052281 and its registered office is located at ITC Green Centre, 10 Institutional Area, Sector-32, Gurugram 122 001, Haryana, India.

Nature of business

FPHL is in the business of operating hotels in the 'upscale to mid-market segment' through a chain of Fortune Hotels.

Capital structure

The authorised share capital of FPHL is ₹ 2,00,00,000 divided into 20,00,000 equity shares of ₹ 10 each. The issued, subscribed and paid-up equity share capital of FPHL is ₹ 45,00,080 divided into 4,50,008 equity shares of ₹ 10 each.

Shareholding

As on the date of this Information Memorandum, the shareholding pattern of FPHL is as follows:

Name of the shareholder	Number of equity shares held	Percentage of the total equity shareholding (%)
ITC Hotels Limited	4,50,008*	100.00

**Including 6 equity shares held jointly with 6 individuals holding 1 equity share each with ITC Hotels Limited being the first shareholder.*

2. Bay Islands Hotels Limited

Corporate Information

Bay Islands Hotels Limited ('BIHL') was incorporated as a private limited company – Bay Islands Hotels Private Limited on March 24, 1976 and consequent to conversion into public limited company, its name was changed to 'Bay Islands Hotels Limited' in 2002. Its Corporate Identity Number is U74899HR1976PLC052282 and its registered office is located at ITC Green Centre, 10 Institutional Area, Sector-32, Gurugram 122 001, Haryana, India.

Nature of business

BIHL owns a hotel in Sri Vijaya Puram (Port Blair), which is licensed to the Company. The operations and marketing of the hotel is managed by the Company.

Capital structure

The authorised share capital of BIHL is ₹ 1,20,00,000 divided into 90,000 equity shares of ₹ 100 each and 30,000 Preference Shares of ₹ 100 each. The issued, subscribed and paid-up share capital of BIHL is ₹ 11,87,500 divided into 11,875 equity shares of ₹ 100 each.

Shareholding

As on the date of this Information Memorandum, the shareholding pattern of BIHL is as follows:

Name of the shareholder	Number of equity shares held	Percentage of the total equity shareholding (%)
ITC Hotels Limited	11,875*	100.00

**Including 6 equity shares held jointly with 6 individuals holding 1 equity share each with ITC Hotels Limited being first shareholder.*

3. Landbase India Limited

Corporate Information

Landbase India Limited ('LBIL') was incorporated as a private limited company – Landbase India Private Limited on January 24, 1992 and consequent to conversion into public limited company, its name was changed to 'Landbase India Limited' in 1993. Its Corporate Identity Number is U74899HR1992PLC052412 and its registered office is located at ITC Green Centre, 10 Institutional Area, Sector-32, Gurugram 122 001, Haryana, India.

Nature of business

LBIL owns 'ITC Grand Bharat' an all-suite luxury retreat at Gurugram, which has been licensed to the Company. The operations and marketing of the hotel is managed by the Company. LBIL also owns and operates the Classic Golf & Country Club, a 27-hole Jack Nicklaus Signature Golf Course.

Capital structure

The authorised share capital of LBIL is ₹ 504,00,00,000 divided into 31,70,00,000 equity shares of ₹10/- each and 1,87,00,000 Preference Shares of ₹100/- each. The issued, subscribed and paid-up equity share capital of LBIL is ₹ 317,00,00,000 divided into 31,70,00,000 equity shares of ₹10 each.

Shareholding

As on the date of this Information Memorandum, the shareholding pattern of LBIL is as follows:

Name of the shareholder	**Number of equity shares held**	**Percentage of the total equity shareholding (%)**
ITC Hotels Limited	31,70,00,000*	100.00

**Including 6 equity shares held jointly with 6 individuals holding 1 equity share each with ITC Hotels Limited being first shareholder.*

4. Srinivasa Resorts Limited

Corporate Information

Srinivasa Resorts Limited ('SRL') was incorporated as a public limited company on December 20, 1984. Its Corporate Identity Number is U74999TG1984PLC005192 and its registered office is located at 6-3-1187, Begumpet, Hyderabad 500 016, Telangana, India.

Nature of business

SRL owns 'ITC Kakatiya' a luxury hotel located in Hyderabad. The operations and marketing of the hotel is managed by the Company.

Capital structure

The authorised, issued, subscribed and paid-up equity share capital of SRL is ₹ 24,00,00,000 divided into 2,40,00,000 equity shares of ₹ 10 each.

Shareholding

As on the date of this Information Memorandum, the shareholding pattern of SRL is as follows:

Name of the shareholder	**Number of equity shares held**	**Percentage of the total equity shareholding (%)**
ITC Hotels Limited	1,63,20,477	68.00
Other Shareholders	76,79,523	32.00
Total	**2,40,00,000**	**100.00**

5. WelcomHotels Lanka (Private) Limited

Corporate Information

WelcomHotels Lanka (Private) Limited ('WLPL'), was incorporated as a private limited company under the laws of Sri Lanka on April 23, 2012. Its registration number is PV 85567 and its registered office is located at 216, De Saram Place, Colombo 10, Post Code-01000, Sri Lanka.

Nature of business

WLPL owns hotel 'ITC Ratnadipa' at Colombo, Sri Lanka, which is part of a mixed use project also comprising luxury apartments, which are currently under development.

Capital structure

The stated capital of WLPL is LKR 11675,04,49,905 (net of stamp duty) consisting of 78,43,65,263 equity shares and 38,33,73,340 Preference Shares.

Shareholding

As on the date of this Information Memorandum, the shareholding pattern of WLPL is as follows:

Name of the shareholder	Number of equity shares held	Percentage of the total equity shareholding (%)	Number of preference shares held	Percentage of the total preference shareholding (%)
ITC Hotels Limited	78,43,65,263	100.00	38,33,73,340	100.00

Common pursuits with the Subsidiaries

Our Subsidiaries are engaged in the similar line of business as that of our Company and accordingly, there are certain common pursuits amongst our Subsidiaries and the Company. However, we do not perceive any conflict of interest in this regard given our majority shareholding and interest in these entities.

For details of related business transactions between our Company and our Subsidiaries, see "*Financial Information - Related Party Transactions*" on pages 238 and 259.

Accumulated profits or losses of Subsidiaries

As on the date of this Information Memorandum, there are no accumulated profits or losses of any of our Subsidiaries that have not been accounted for by the Company.

Associates

As on the date of this Information Memorandum, our Company has the following Associates:

1. **Gujarat Hotels Limited**

Corporate Information

Gujarat Hotels Limited ('GHL') was incorporated as a public limited company on August 7, 1982 under the name 'Gujarat Hotels Baroda Limited'. Its name was changed to 'Gujarat Hotels Limited' in 1985. The Corporate Identity Number of GHL is L55100GJ1982PLC005408 and its registered office is located at Welcomhotel Vadodara, R.C. Dutt Road, Alkapuri, Vadodara 390 007, Gujarat, India. GHL is currently listed on BSE Limited.

Nature of business

GHL is into the business of hoteliering. GHL's hotel 'Welcomhotel Vadodara' is operated by the Company under an Operating License Agreement.

Capital structure

The authorised share capital of GHL is ₹ 10,00,00,000 divided into 1,00,00,000 equity shares of ₹ 10 each. The issued, subscribed and paid-up equity share capital of GHL is ₹ 3,78,75,150 divided into 37,87,515 equity shares of ₹ 10 each.

Shareholding

As on the date of this Information Memorandum, the shareholding pattern of GHL is as follows:

Name of the shareholder	Number of equity shares held	Percentage of the total equity shareholding (%)
ITC Hotels Limited	17,33,907	45.78
Other Shareholders	20,53,608	54.22
Total	37,87,515	**100.00**

2. International Travel House Limited

Corporate Information

International Travel House Limited ('ITHL') was incorporated as a private limited company – Indian Explorations Private Limited on June 29, 1981 and its name was changed to International Travel House Private Limited in 1982 and thereafter the word Private was deleted in 1987. The Corporate Identity Number of ITHL is L63040DL1981PLC011941 and its registered office is located at Travel House, T-2, Community Centre, Sheikh Sarai, Phase-I, New Delhi 110 017, India. ITHL is currently listed on BSE Limited.

Nature of business

ITHL is engaged in rendering business travel management, car rental, meeting & events and leisure travel related services.

Capital structure

The authorised share capital of ITHL is ₹ 12,00,00,000 divided into 1,00,00,000 equity shares of ₹ 10 each and 2,00,000 redeemable cumulative preference shares of ₹ 100 each. The issued share capital of ITHL is ₹ 8,00,00,000 divided into 80,00,000 equity shares of ₹ 10 each and the subscribed and paid-up equity share capital of ITHL is ₹ 7,99,45,000 divided into 79,94,500 equity shares of ₹ 10 each.

Shareholding

As on the date of this Information Memorandum, the shareholding pattern of ITHL is as follows:

Name of the shareholder	Number of equity shares held	Percentage of the total equity shareholding (%)
ITC Hotels Limited	39,14,233	48.96
Other Shareholders	40,80,267	51.04
Total	**79,94,500**	**100.00**

Common pursuits with the Associates

GHL is engaged in a similar line of business as that of our Company and accordingly, there are certain common pursuits between GHL and our Company. However, we do not perceive any conflict of interest in this regard.

Joint Ventures

As on the date of this Information Memorandum, our Company has one joint venture:

1. Maharaja Heritage Resorts Limited

Corporate Information

Maharaja Heritage Resorts Limited was incorporated as a private limited company – Maharaja Heritage Resorts Private Limited on August 28, 1995 and consequent to its conversion into a public limited company, its name was changed to 'Maharaja Heritage Resorts Limited' in 2002. Its Corporate Identity

Number is U74899DL1995PLC099649 and its registered office is located at 25 Community Centre, Basant Lok, Vasant Vihar, New Delhi 110 057, India.

Nature of business

MHRL operates 35 boutique properties across 13 states and 1 union territory in India. The WelcomHeritage brand portfolio of MHRL includes 'Legend Hotels', 'Heritage Hotels' and 'Nature Resorts', featuring palaces, forts, havelis, and resorts.

Capital structure

The authorised share capital of MHRL is ₹ 7,60,00,000 divided into 7,60,000 equity shares of ₹ 100 each. The issued, subscribed and paid-up equity share capital of MHRL is ₹ 3,60,00,000 divided into 3,60,000 equity shares of ₹ 100 each.

Shareholding

As on the date of this Information Memorandum, the shareholding pattern of MHRL is as follows:

Name of the shareholder	Number of equity shares held	Percentage of the total equity shareholding (%)
ITC Hotels Limited	1,80,000	50.00
Jodhana Heritage Resorts Private Limited	1,72,800	48.00
Other shareholders	7,200	2.00
Total	**3,60,000**	**100.00**

Summary of Material agreements

Shareholders' agreements:

As on the date of this Information Memorandum, there are no subsisting agreements amongst the Shareholders with respect to the Company, which the Company is aware of.

Other Material agreements:

License and Services Agreements

ITC Limited has entered into License Agreement(s) with Starwood Asia Pacific Hotels & Resorts Pte. Ltd., Singapore (an affiliate of Marriott International, Inc.) for global brands 'Sheraton' and 'The Luxury Collection'. The said rights stand vested in the Company pursuant to the Scheme.

Simultaneously, 'Technology and Reservations Services Agreements' have also been entered with Sheraton Overseas Management Corporation, Delaware, a Marriott company for providing us access to their online reservation systems and websites, sales program, marketing program, loyalty programs, network, industry best practices, systems and processes and operational know-how as applicable to the 'Sheraton' and 'The Luxury Collection', as the case may be.

Pursuant to the agreements, our hotels pay periodic fees for use of the licenced marks and other services under the aforesaid agreements. The Company is obliged to adhere to stipulated standards, policies and manuals issued by the Licensor.

License Agreements dated December 31, 2024 entered into by and between our Company and the Promoter

Our Company has entered into an intellectual property license agreement with the Promoter dated December 31, 2024, in terms of which the Promoter has granted to our Company a non-exclusive license to use the 'ITC' logo and other 'ITC' trademarks in relation to the hotels and hospitality business, standalone premium restaurants, branded residences, and sale of bedding, linens, and home furnishing and lifestyle products through 'Sleeep' boutiques, and also as part of our Company's corporate name, for a royalty which is commercially agreed and on an arm's length basis.

Further, our Company has entered into another intellectual property license agreement with the Promoter dated December 31, 2024, in terms of which the Promoter has granted to our Company an exclusive license to use the trademarks 'Bukhara', 'Dakshin' and 'Dum Pukht' in relation to restaurants owned / operated / franchised by our Company, for a royalty which is commercially agreed and on an arm's length basis.

Agreements with Key Managerial Personnel, Senior Management, Directors, Promoters, or any other employee:

Our Key Managerial Personnel, Senior Management, Directors, Promoters, or any other employee have not entered into any agreement with any shareholder or any third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

We confirm that, other than as disclosed in this Information Memorandum, there are no inter-se agreements or arrangements, shareholder agreements, deeds of assignment, acquisition agreements, agreements of like nature, and clauses or covenants which are material and which need to be disclosed in terms of the SEBI ICDR Regulations, and that there are no clauses or covenants which are adverse or prejudicial to the interest of the minority or public shareholders.

SCHEME OF ARRANGEMENT

Details of the Scheme of Arrangement

The Scheme of Arrangement filed under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 involves: (i) demerger of the Demerged Undertaking comprising the Hotels Business of Demerged Company and vesting of the same into the Resulting Company on a going concern basis and in consideration, the consequent issuance of New Equity Shares by the Resulting Company to all the shareholders of the Demerged Company as per the share entitlement ratio (*as defined in the Scheme of Arrangement*), and in accordance with the provisions of Section 2(19AA) read with other relevant provisions of the IT Act; (ii) various other matters consequential or otherwise integrally connected therewith, including changes to the share capital and securities premium account of the Resulting Company, pursuant to the provisions of Sections 230 to 232 read with other applicable / relevant provisions of the Companies Act, 2013 and in compliance with the provisions of the IT Act and other applicable regulatory requirements.

Rationale for the Scheme of Arrangement

The Scheme was proposed to segregate the Hotels Business from the Remaining Business of the Demerged Company and demerge it into the Resulting Company. The Scheme is in the best interests of the Companies and their respective shareholders, employees, creditors and other stakeholders for the following reasons:

(i) Enabling 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 which presents immense opportunities for the Hotels Business going forward, though distinct from the other businesses of the Demerged Company.

(ii) Housing the Hotels Business in a separate listed entity which 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) Enabling the Resulting Company to raise capital from equity and debt markets towards funding its growth requirements.

(iv) Enabling the Resulting Company as a focused entity to 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) Unlocking the 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) Ensuring long term stability and strategic support to the Resulting Company and enabling the leveraging of cross synergies between the two Companies.

Appointed Date and Effective Date

In terms of the Scheme "Appointed Date" means the same date as the Effective Date or such other date as may be mutually agreed by the Company and ITC Limited and the "Effective Date" means the date which will be the first day of the month following the month in which the Company and ITC Limited mutually acknowledge in writing that all the conditions and matters referred to in Clause 28 of the Scheme have occurred or have been fulfilled, obtained or waived, as applicable, in accordance with the Scheme.

The NCLT, through its order dated October 4, 2024 (certified copy of the order was received on December 16, 2024), sanctioned the Scheme. ITC Limited and the Company had mutually acknowledged that all the conditions specified in Clause 28 of the Scheme have been fulfilled and satisfied, including filing of the aforesaid Order with the Registrar of Companies, Kolkata at West Bengal, and accordingly, the Appointed Date and the Effective Date of the Scheme are the first day of the following month i.e. January 1, 2025, in accordance with Clauses 5.1(iii) and 5.1(xvi) of the Scheme, respectively.

Salient features of the Scheme of Arrangement

Transfer and Vesting of Demerged Undertaking

Pursuant to the Scheme of Arrangement 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 Companies Act, 2013, 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 in the Scheme.

Employees

Pursuant to the Scheme of Arrangement and with effect from the Appointed Date, all Demerged Employees shall be deemed to have become employees of the Resulting Company on terms and conditions of employment no less favourable than those applicable to them with reference to their employment in the Demerged Company.

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 recognised by the Appropriate Authorities, or to the government provident fund, in relation to the Demerged Employees where applicable.

In addition to the above, the Stock 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 of the Demerged Company. In addition, the Resulting Company shall formulate a Special Purpose ESOP Scheme on terms and conditions similar to the ESOP Schemes of the Demerged Company, in accordance with the provisions of the Scheme of Arrangement.

Legal Proceedings

Pursuant to the Scheme of Arrangement and with effect from the Appointed Date, all pending or future legal proceedings, excluding proceedings under the IT Act, by or against the Demerged Company in relation to the Demerged Undertaking, capable of being continued by or against the Resulting Company, shall not be abated or discontinued or in any way be prejudicially affected by reason of or by anything contained in the 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.

Consideration and Discharge of Consideration for Demerger

Pursuant to the Scheme of Arrangement and with effect from the Appointed Date, the Resulting Company shall issue and allot New 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 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 accordance with the Share Entitlement Ratio, where for every 10 Ordinary Shares of face and paid-up value of ₹ 1 each held in the Demerged Company, the Resulting Company shall issue 1 Equity Share of face and paid-up value of ₹ 1 each. Such shares issued by the Resulting Company shall rank *pari passu* with the existing Equity Shares of the Resulting Company. The existing Equity Shares of the Resulting Company shall not be cancelled pursuant to or on effectiveness of the Scheme of Arrangement.

Further, Resulting Company shall issue to the GDR Depositary representing the holders of the Demerged Company GDRs, Resulting Company New Equity Shares and such Shares shall be sold by the GDR Depositary in the open market and the net sales proceeds (after the deduction of applicable Taxes and expenses incurred) shall be distributed by the GDR Depositary 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 Company and ITC Limited 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.

If the allotment of New Equity Shares by the Resulting Company results in any shareholders being issued fractional shares, then the fractional entitlements shall be consolidated and thereupon allotted in lieu thereof to trustee(s) authorised 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.

Reduction of Securities Premium in the Book of Resulting Company

Pursuant to the Scheme of Arrangement and with effect from the Appointed Date, and pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and the Sanction Order, the Demerged Company and the Resulting Company shall account for the Scheme of Arrangement in their books of accounts in accordance with Ind AS and generally accepted accounting principles in India and as per Clause 19 of the Scheme of Arrangement. The reduction and utilization of the securities premium account of the Resulting Company as specified in Clause 19.2.3 of the Scheme shall be effected as an integral part of the Scheme of Arrangement, in accordance with provisions of Sections 230 to 232 of the Companies Act, 2013, without having to follow the process under Section 52 and other applicable provisions of the Companies Act, 2013 and without any further act or deed on part of the Resulting Company. Such reduction and utilisation 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 or other applicable provisions of the of the Companies Act, 2013 will not be applicable in view of the explanation to Section 230 of the Companies Act, 2013.

The Scheme of Arrangement was sanctioned by the NCLT by an order dated October 4, 2024.

For details of shareholding of our Company pursuant to the allotment in terms of the Scheme of Arrangement please refer to "*Capital Structure*" on page 49.

OUR MANAGEMENT

Subject to the provisions of the Companies Act, 2013, and our Articles of Association, our Company shall have a minimum of six (6) Directors and a maximum of fifteen (15) Directors.

As on the date of this Information Memorandum, our Board has ten Directors comprising Managing Director and nine Non-Executive Directors, out of which five are Independent Directors, including one woman Independent Director. The composition of our Board is in compliance with Section 149 and applicable provisions of the Companies Act, 2013 and Regulation 17 and other applicable provisions of the SEBI Listing Regulations.

In compliance with Section 152 of the Companies Act, 2013, not less than two-thirds of the Directors (excluding Independent Directors) are liable to retire by rotation.

Our Board

Details of our Directors as on the date of filing of this Information Memorandum are set out below:

Sl. No.	Name, DIN, date of birth, designation, occupation, term, current period of directorship and address	Age (in years)	Other Directorship
1.	**Mr. Sanjiv Puri** ***DIN:*** 00280529 ***Date of Birth:*** June 18, 1962 ***Designation:*** Chairman and Non-Executive Director ***Occupation:*** Service ***Current term:*** For a period of five years with effect from April 24, 2024, not liable to retire by rotation ***Period of directorship:*** Since April 24, 2024 ***Address:*** Flat No. 9, Fountain Court, 7/1 Little Russell Street, Middleton Row, Kolkata 700 071, West Bengal, India	62	**Indian Entities** 1. ITC Limited 2. ITC Infotech India Limited 3. Indian School of Business **Foreign Entities** 1. Surya Nepal Private Limited, Nepal 2. ITC Infotech Limited, UK 3. ITC Infotech (USA), Inc., USA
2.	**Mr. Kamal Bali** ***DIN:*** 00688141 ***Date of Birth:*** January 9, 1959 ***Designation:*** Independent Director ***Occupation:*** Service ***Current term:*** For a period of five years with effect from December 14, 2024 ***Period of directorship:*** Since December 14, 2024 ***Address:*** #247, 4th Main 4th Cross, 1st Block, Koramangala, Bengaluru 560 034, Karnataka, India	66	**Indian Entities** 1. Volvo Group India Private Limited 2. Volvo Financial Services (India) Private Limited 3. Antrix Corporation Limited 4. Swedish Chamber of Commerce India 5. Federation of European Business in India **Foreign Entities** Nil

Sl. No.	Name, DIN, date of birth, designation, occupation, term, current period of directorship and address	Age (in years)	Other Directorship
3.	**Dr. Indu Bhushan** ***DIN:*** 09302960 ***Date of Birth:*** January 6, 1961 ***Designation:*** Independent Director ***Occupation:*** Retired IAS Officer ***Current term:*** For a period of five years with effect from December 14, 2024 ***Period of directorship:*** Since December 14, 2024 ***Address:*** B-31, Third Floor, West End Colony, New Delhi – 110021, India	64	**Indian Entities** 1. United Spirits Limited 2. Colgate-Palmolive (India) Limited 3. Balrampur Chini Mills Limited 4. Godrej Properties Limited 5. HDFC Securities IFSC Limited 6. Godrej Projects Development Limited 7. Apollo Healthco Limited 8. Swasth Digital Health Foundation 9. Vidhi Centre For Legal Policy **Foreign Entities** Nil
4.	**Mr. Anil Chadha** ***DIN:*** 08073567 ***Date of Birth:*** September 20, 1969 ***Designation:*** Managing Director ***Occupation:*** Service ***Current term:*** For a period of three years with effect from January 1, 2025, liable to retire by rotation. ***Period of directorship:*** Since April 24, 2024 ***Address:*** T040, First Floor, Emerald Hills, Sector 65, Badshahpur, Gurugram 122 101, Haryana, India	55	**Indian Entities** 1. International Travel House Limited 2. Gujarat Hotels Limited 3. Fortune Park Hotels Limited 4. Maharaja Heritage Resorts Limited **Foreign Entities** WelcomHotels Lanka (Private) Limited, Sri Lanka
5.	**Mr. Supratim Dutta** ***DIN:*** 01804345 ***Date of Birth:*** October 18, 1966 ***Designation:*** Non-Executive Director ***Occupation:*** Service ***Current term:*** For a period of three years with effect from April 24, 2024, liable to retire by rotation. ***Period of directorship:*** Since April 24, 2024 ***Address:*** Flat No. 27, Woodlands Syndicate, 8/7 Alipore Road, Kolkata 700 027, West Bengal, India	58	**Indian Entities** 1. ITC Limited 2. ITC Infotech India Limited 3. Russell Credit Limited 4. ITC Integrated Business Services Limited 5. Greenacre Holdings Limited 6. Gold Flake Corporation Limited **Foreign Entities** 1. WelcomHotels Lanka (Private) Limited, Sri Lanka 2. Surya Nepal Private Limited, Nepal 3. ITC Infotech Limited, UK 4. ITC Infotech (USA), Inc., USA

Sl. No.	Name, DIN, date of birth, designation, occupation, term, current period of directorship and address	Age (in years)	Other Directorship
6.	**Mr. Mukesh Gupta** ***DIN:*** 06638754 ***Date of Birth:*** September 18, 1961 ***Designation:*** Independent Director ***Occupation:*** Professional ***Current term:*** For a period of five years with effect from November 26, 2024 ***Period of directorship:*** Since November 26, 2024 ***Address:*** 5-402, MESI, Kesar Exotica, Sector 10, Kharghar, Navi Mumbai 410 210, Maharashtra, India	63	**Indian Entities** 1. IDBI Bank Limited 2. CFM Asset Reconstruction Private Limited **Foreign Entities** Nil
7.	**Mr. Tablesh Pandey** ***DIN:*** 10119561 ***Date of Birth:*** May 17, 1965 ***Designation:*** Non-Executive Director ***Occupation:*** Service ***Current term:*** For a period of three years with effect from December 14, 2024, liable to retire by rotation. ***Period of directorship:*** Since December 14, 2024 ***Address:*** 14, Oval View, Maharshi Karve Road, Churchgate, Mumbai – 400 020, Maharashtra, India	59	**Indian Entities** 1. Life Insurance Corporation of India 2. National Stock Exchange of India Limited 3. LIC Cards Services Limited 4. LIC Mutual Fund Trustee Private Limited **Foreign Entities** Life Insurance Corporation (Nepal) Limited, Nepal
8.	**Mr. Prathivadibhayankara Rajagopalan Ramesh** ***DIN:*** 01915274 ***Date of Birth:*** January 17, 1955 ***Designation:*** Independent Director ***Occupation:*** Professional ***Current term:*** For a period of five years with effect from November 26, 2024 ***Period of directorship:*** Since April 30, 2024 ***Address:*** 532, Defence Colony, Sainikpuri Secunderabad 500 094, Telangana, India	70	**Indian Entities** 1. Larsen & Toubro Limited 2. Nestle India Limited 3. Crompton Greaves Consumer Electricals Limited 4. Cipla Limited 5. Tejas Networks Limited 6. Air India Limited 7. Air India Express Limited 8. NSE Investments Limited 9. Forum for Indian Accounting Research 10. Insolvency Research Foundation **Foreign Entities:** Nil

Sl. No.	Name, DIN, date of birth, designation, occupation, term, current period of directorship and address	Age (in years)	Other Directorship
9.	**Ms. Vrinda Sarup** ***DIN:*** 03117769 ***Date of Birth:*** December 27, 1956 ***Designation:*** Independent Director ***Occupation:*** Retired IAS Officer ***Current term:*** For a period of five years with effect from November 26, 2024 ***Period of directorship:*** Since November 26, 2024 ***Address:*** I-102, Som Vihar Apartment, R. K. Puram, New Delhi 110 022, India	68	**Indian Entities** 1. SIS Limited 2. International Travel House Limited **Foreign Entities** Nil
10.	**Mr. Rajendra Kumar Singhi** ***DIN:*** 00009931 ***Date of Birth:*** August 15, 1964 ***Designation:*** Non-Executive Director ***Occupation:*** Service ***Current term:*** For a period of three years with effect from April 24, 2024, liable to retire by rotation. ***Period of directorship:*** Since April 24, 2024 ***Address:*** Flat No. 5EE, Mani Karn, 3B Rammohan Mullick Garden Lane, Kolkata 700 010, West Bengal, India	60	**Indian Entities** 1. ITC Infotech India Limited 2. Russell Credit Limited **Foreign Entities** 1. WelcomHotels Lanka (Private) Limited, Sri Lanka 2. Surya Nepal Private Limited, Nepal 3. ITC Infotech Limited, UK 4. ITC Infotech (USA), Inc., USA

Brief profiles of our Directors

1. **Mr. Sanjiv Puri** was appointed as the Chairman and Non-Executive Director on the Board of the Company with effect from April 24, 2024.

   Mr. Puri is the Chairman and Managing Director of ITC Limited and is an alumnus of the Indian Institute of Technology, Kanpur, and the Wharton School of Business, U.S.A.

   Mr. Puri joined ITC Limited in January 1986. During his career of close to four decades at ITC Limited and its subsidiaries, he has held several business leadership positions and also handled a wide range of responsibilities in manufacturing, operations, information and digital technology. He led ITC Infotech India Limited, a wholly owned subsidiary of ITC Limited, as its managing director from May 2006 to August 2009. Mr. Puri also served as managing director of Surya Nepal Private Limited, a subsidiary of ITC Limited in Nepal, between October 2001 and April 2006.

   Mr. Puri is the President of Confederation of Indian Industry ("**CII**"), the apex business and industry association in the country. He is the chairman of the Board of Governors of the Indian Institute of Technology, Gandhinagar, and chairman of the Advisory Council of the CII-ITC Centre of Excellence for Sustainable Development. He is a director on the board of US-India Strategic Partnership Forum, member of the BRICS Business Council – India Chapter, and also a member of the Governing Body of the National Council of Applied Economic Research.

He has served as the chairman of the Expert Group constituted by the Fifteenth Finance Commission of the Government of India to promote agri-exports and a member of the technology discussion group 'Farm to Table – driving India's agriculture sector digitally' constituted by the NITI Aayog. He was also the chairman of the 'Action Council on ESG in Business' under the aegis of Business 20 India, the official dialogue forum with the global business community as part of India's G20 Presidency, as well as the Co-Chair of the 'Business Commission to Tackle Inequality' set up by the World Business Council for Sustainable Development, Geneva.

In 2024, Mr. Puri was honoured with the 'Business Leader of the Year Award' by the All India Management Association, 'Best CEO Award' by Business Today, and 'Transformational Leader Award 2022-23' by the Asian Centre for Corporate Governance and Sustainability. He was conferred with the 'IMPACT Person of the Year, 2020' award by exchange4media, a leading online news platform, 'Distinguished Alumnus Award of the year 2018' by the Indian Institute of Technology, Kanpur, and was also bestowed with an Honorary Doctorate by the Xavier Institute of Management University, Bhubaneshwar.

2. **Mr. Anil Chadha** was appointed as a Non-Executive Director on the Board with effect from April 24, 2024 and as Managing Director with effect from January 1, 2025.

   An alumnus of the Welcomgroup Graduate School of Hotel Administration, Mr. Chadha joined ITC Limited in 1992. He was appointed as the divisional chief executive of Hotels Business in 2021. Prior to that he was the chief operating officer of the Hotels Business since December 2019.

   Mr. Chadha has spent almost his entire career with the Hotels Business, heading key properties in New Delhi, Agra, Kolkata, Bengaluru and Chennai. He took over as vice president, operations of the said business in April 2019. Earlier, he served as vice president south and general manager at ITC Grand Chola, and as area manager south and general manager at ITC Grand Chola.

   Mr. Chadha is a member of the Executive Committee of Hotel Association of India and the CII – National Committee on Tourism and Hospitality.

   Mr. Chadha has received several recognitions in the hospitality industry including – 'Food & Beverage Manager of the Year' by the FHRAI in 2001, 'Hotelier of the Year' by BBC Food Awards-2018, 'Hotelier of the Year' by Hindustan Times (Brunch), 'General Manager of the Year 2016' by Business World Hotelier and Best CEO 2022 by WE Global Employees Choice Award among others.

3. **Mr. Kamal Bali** was appointed as an Independent Director on the Board of the Company with effect from December 14, 2024.

   An engineering graduate from the Indian Institute of Technology, Roorkee and an alumnus of St. Joseph's Academy Dehradun, Mr. Bali began his professional career as a management trainee with the Eicher Group in 1981.

   Mr. Bali has an illustrious career spanning nearly four decades in the automotive industry. Prior to spearheading the Volvo Group India as its Managing Director, he has worked with leading Indian and multi-national organisations, such as Escorts, SAME Deutz-Fahr and LeeBoy, in senior executive positions.

   Mr. Bali is a member of Board of Governors of the Indian Institute of Technology, Gandhinagar and a member of the Governing Board of Shri Dharmasthala Manjunatheshwara Institute for Management Development, Mysuru. He is also an invitee member of the Board of Governors, Xavier Institute of Management University.

   In December 2019, Mr. Bali was knighted and awarded one of Sweden's highest honours in the Royal Order of the 'Polar Star: Commander' by their Majesties, the King and Queen of Sweden. He is the recipient of the prestigious '2019 Machinist Lifetime Achievement Award' by the Times of India Group for his outstanding contribution in the field of manufacturing. He was also felicitated with the 'Bharat Ratna Sir M Visveswaraya Memorial Award 2023' by the Governor of Karnataka and 'the Economic Times Inspiring CEO 2021'.

4. **Dr. Indu Bhushan** was appointed as an Independent Director on our Board with effect from December 14, 2024.

   Dr. Bhushan, a retired IAS officer from the 1983 batch, is a distinguished leader with a remarkable journey spanning over four decades across governance, global development, and health systems. He holds a Doctor of Philosophy in health economics and a master's degree in health sciences from the prestigious Johns Hopkins University and is also a Chartered Financial Analyst, from CFA Institute, USA. He is an alumnus of the IIT Banaras Hindu University and IIT Delhi, where he completed his B. Tech and Post Graduate Diploma, respectively.

   Dr. Bhushan began his career serving in the Indian Administrative Service in Uttar Pradesh and Rajasthan. He has also worked as a senior economist with the World Bank Group in Washington, D.C., and then joined the Asian Development Bank, Manila, where he held several leadership roles, including director general of the East Asia Department and Strategy and Policy Department. Dr. Bhushan also served as the chief executive officer of Ayushman Bharat, Pradhan Mantri Jan Arogya Yojana (PMJAY).

   Recognised internationally for his contributions, Dr. Bhushan is the recipient of numerous accolades, including the 'Population Award' from the Government of Vietnam, the Global Achievement Award from Johns Hopkins University, and the 'E-Governance Gold Medal' from the Government of India. He is also a proud recipient of the Gold Medal and Distinguished Alumnus Award from IIT, Banaras Hindu University.

5. **Mr. Supratim Dutta** was appointed as a Non-Executive Director on our Board with effect from April 24, 2024.

   Mr. Dutta, a qualified chartered accountant and cost accountant, joined ITC Limited in November, 1990 and is presently the executive director and chief financial officer of ITC Limited. In a career spanning over three decades at ITC Limited, he has held various senior roles in the finance function, both at the business and corporate level. He has previously held the position of corporate financial controller of ITC Limited, responsible for accounts, taxation and finance operations, and prior to that, he was executive vice president – corporate finance, in charge of corporate treasury, strategic planning and corporate planning functions of ITC Limited. He has handled various aspects of finance including planning, treasury, M&A, accounting, taxation, information technology, investor relations and business strategy.

   Mr. Dutta has served as a member of the World Business Council for Sustainable Development CFO Network and is currently a member of the CII National Committee on Financial Reporting.

6. **Mr. Mukesh Gupta** was appointed as an Independent Director on our Board with effect from November 26, 2024.

   Mr. Gupta holds a bachelor's degree in science and master's degree in business administration (human resources).

   Mr. Gupta joined Life Insurance Corporation of India ("LIC") as a direct recruit officer in 1984. During his long tenure of 37 years, he worked across diverse set of roles building multi-dimensional experience in different capacities, especially in insurance and marketing. He has held prominent positions in the corporate office and five major zones of LIC, including executive director (personnel) and executive director (bancassurance) at their corporate office, marketing manager of Bikaner Division, senior divisional manager of two divisions viz., Amritsar and Hyderabad, regional manager (bancassurance and alternate channels) of LIC's south central zone, regional manager (marketing) of western zone, and zonal manager of the central zone. He retired as the managing director of LIC on September 30, 2021.

7. **Mr. Tablesh Pandey** was appointed as a Non-Executive Director on our Board with effect from December 14, 2024.

   Mr. Pandey has obtained a bachelor of technology in agricultural engineering and is an associate member of the Institute of Actuaries of India with over 36 years of experience. He is currently the managing director of Life Insurance Corporation of India ("LIC"). He embarked on his illustrious career with LIC as a direct recruit officer in 1988. Over the years, he has gained extensive experience across various zones, including the north central zone, east central zone, and south zone.

Mr. Pandey has held several key positions, notably as regional manager (IT) in the central, east central, and south zones. In May 2015, he joined the central office in Mumbai, serving initially as secretary (actuarial) and subsequently as secretary (pension and group schemes). He has also held positions of zonal manager (ordinary scale), chief (actuarial), chief (pension and group schemes), zonal manager (selection scale), executive director (investment-mid office) and executive director (enterprise risk management).

8. **Mr. Prathivadibhayankara Rajagopalan Ramesh** was appointed as a Non-Executive Director on our Board with effect from April 30, 2024, and as an Independent Director of the Company with effect from November 26, 2024.

   Mr. Ramesh, a commerce graduate from Osmania University, Hyderabad, and a fellow member of the Institute of Chartered Accountants of India ("ICAI"), has over 40 years of experience in the accounting profession. He has served as the chairman of Deloitte India and also as a member of Deloitte Global Board and Deloitte Asia Pacific Board.

   Mr. Ramesh has been associated with various regulatory and industry bodies and the ICAI. He was a member of Securities and Exchange Board of India ("SEBI"), High Powered Advisory Committee, dealing with settlements of enforcement actions, the SEBI Committee on Disclosures and Accounting Standards, Insurance Regulatory and Development Authority – Standing Committee on Accounting Issues and the Committee for Reforming the Regulatory Environment for doing Business in India set up by the Ministry of Corporate Affairs, Government of India.

   Mr. Ramesh is an empaneled expert on International Financial Reporting Standards ("IFRS") with the International Monetary Fund and currently the chairman of the Insolvency Research Foundation and a member of the Committee on Corporate Governance and the Committee of Regulatory Affairs in Confederation of Indian Industry.

9. **Ms. Vrinda Sarup** was appointed as an Independent Director on our Board with effect from November 26, 2024.

   Ms. Sarup holds a master's degree in history from Delhi University and is a retired Indian Administrative Service ("**IAS**") officer with administrative experience of more than 38 years.

   Ms. Sarup joined the IAS in 1981 and was the secretary – food and public distribution and also union secretary – school education and literacy, in the Government of India. She has held eminent positions in the Government of Uttar Pradesh including posts of principal secretary – finance, principal secretary – technical and vocational education. Ms. Sarup has worked closely with various International Organisations including the World Bank, Department of International Development of U.K., UNICEF, European Union, World Food Programme, etc. She is the managing trustee of the World Food Programme Trust for India.

10. **Mr. Rajendra Kumar Singhi** was appointed as a Non-Executive Director on our Board with effect from April 24, 2024.

    Mr. Singhi is a fellow member of the Institute of Company Secretaries of India ("ICSI") and is a law graduate having over 39 years of experience in corporate laws and governance related matters. He joined ITC Limited in August, 1988, and is presently the executive vice president and company secretary of ITC Limited since 2018.

    Mr. Singhi has been the chairman of the Corporate Governance Committee of the Bengal Chamber of Commerce and Industry, co-chairman of the Governance Committee of the CII Eastern Region, and a member of the Secretarial Standards Board of the ICSI. He is currently a member of the CII National Committee on Regulatory Affairs.

    In 2020-21, Mr. Singhi was awarded the 'Governance Professional of the year Award' by the ICSI for his contribution towards adoption of effective governance processes in ITC Limited.

Relationship between Directors

None of the Directors of our Company are related to each other or to any of the Key Managerial Personnel or Senior Management.

Details of directorship in companies suspended or delisted

None of our Directors is, or was, a director of any listed company whose shares were suspended from being traded on any stock exchange during the term of their directorship in such company, in the five years prior to the date of this Information Memorandum.

Except for Mr. Rajendra Kumar Singhi, who was a Director of Wimco Limited, at the time of its voluntary delisting, none of our Directors is, or was, a director of any listed company which was delisted from any stock exchange, during the term of their directorship in such company.

Confirmations

No consideration, either in cash or shares or in any other form have been paid or agreed to be paid to any of our Directors or to the firms, trusts or companies in which they have an interest in, by any person, either to induce any of our Directors to become or to help any of them qualify as a director, or otherwise for services rendered by them or by the firm, trust or company in which they are interested, in connection with the promotion or formation of our Company.

Further, none of our Directors have been identified as Wilful Defaulters or Fraudulent Borrowers by any bank or financial institution or consortium thereof in accordance with the guidelines on Wilful Defaulters or Fraudulent Borrowers issued by the RBI.

Arrangement or understanding with major Shareholders, customers, suppliers or other

None of our Directors have been appointed pursuant to any arrangement or understanding with our major Shareholders, customers, suppliers, or others.

Terms of appointment of Managing Director of our Company

Mr. Anil Chadha was appointed as the Managing Director of our Company for a period of three years with effect from January 1, 2025 or till such earlier date to conform with the policy on retirement and as may be determined by the Board and / or by any applicable statutes, rules, regulations or guidelines, pursuant to a resolution passed by our Board of Directors at its meeting held on December 13, 2024 and a resolution passed by our Shareholders at their EGM held on December 31, 2024.

The details of the remuneration, benefits and perquisites payable to him during the term of his office, include the following:

Particulars	Amount in ₹ (with effect from January 1, 2025)	Amount in ₹ (with effect from April 1, 2025)
Basic / Consolidated Salary	4,97,655/- per month	5,72,000/- per month*
Industry Allowance	8,42,400/- per month	9,68,000/- per month*
Maximum Performance Bonus per annum	150% of Annual Basic / Consolidated Salary	170% of Annual Basic / Consolidated Salary
Cash-based Long Term Incentive Plan (Maximum Amount per annum)	1,20,00,000/-	-
Long-Term Incentive Plan# (Maximum Amount per annum)	-	5,00,00,000/-

** with annual increment not exceeding 10% per annum, as may be determined by the Board, on the recommendation of the Nomination and Remuneration Committee.*

 # Long-term incentive plan includes any cash-based long-term incentive plan which will be determined annually, effective 1st April each year, and based on financial measures and strategic priorities of the Company. The terms of such Plan will be approved by the Board, on the recommendation of the Nomination and Remuneration Committee.

In addition to the above, Mr. Chadha shall be entitled to perquisites like gas, electricity, club fees, reimbursement of specified products and services as per the Product Sampling Policy of the Company etc. in accordance with the rules of the Company, the monetary value of such perquisites being limited to ₹ 5,00,000/- per annum; for the purpose of such limit, perquisites shall be valued as per the provisions of the IT Act and the Rules made thereunder, wherever applicable, and in absence of any such provision, perquisites shall be valued at actual cost.

However, the following shall not be included in the aforesaid perquisite limit:

(a) Rent free accommodation owned / leased / rented by the Company, or Housing Allowance in lieu thereof, as per the rules of the Company.
(b) Contributions to Provident Fund and Superannuation Fund up to 27% of salary and contribution to Gratuity Fund up to 8.33% of salary, as defined in the rules of the respective Funds, or up to such other limit as may be prescribed under the IT Act and the Rules made thereunder for this purpose.
(c) Perquisite value in terms of the IT Act and the Rules made thereunder upon exercise of Options granted under the Employee Stock Option Scheme(s) of the Company or ITC Limited.
(d) Medical expenses for self and family as per the rules of the Company.
(e) Use of chauffeur driven Company car and telecommunication facilities at residence.
(f) Encashment of unavailed leave as per the rules of the Company.
(g) Costs and expenses incurred in connection with transfer / retirement as per the rules of the Company.

The Company did not have any Managing Director or Executive Director during the financial year 2023-24.

Terms of appointment of our Non-Executive Directors, including Independent Directors

The Company has not paid any remuneration to its Non-Executive Directors during the financial year 2023-24. During the financial year 2023-24, the Company had no Independent Directors.

The Shareholders at the first Annual General Meeting held on July 25, 2024, approved remuneration to Non-Executive Directors including Independent Directors, for a period of five years commencing from 1st April of the financial year in which the shares of the Company are listed, by way of commission ranging between ₹25,00,000/- and ₹40,00,000/- per annum payable from the date of listing of the shares of the Company, subject to ceiling of one percent of the net profits of the Company, computed in terms of Section 198 of the Companies Act, 2013 in a financial year. In terms of the approvals of the Board, Non-Executive Directors, including Independent Directors, of the Company are entitled to Sitting fee of ₹ 50,000/- for attending each Board Meeting, Sitting fee of ₹ 40,000/- for attending each meeting of the Audit Committee, Nomination and Remuneration Committee, CSR and Sustainability Committee, Independent Directors Committee and the Risk Management Committee and Sitting fee of ₹ 10,000/- for attending each meeting of the Securityholders Relationship Committee of the Board of Directors.

Remuneration to the Directors (For Fiscal 2024)

Remuneration to Managing Director of Our Company

The Company had not appointed any Managing Director in the Financial Year 2023-24.

Remuneration to Our Non-Executive Directors including Independent Directors

The Company has not paid any remuneration to the Non-Executive Directors in Financial Year 2023-24. During the financial year 2023-24, the Company did not have any Independent Director on the Board.

Remuneration paid or payable to our Directors by our Subsidiary or Associates

None of our Directors are entitled to or have been paid any remuneration by our Subsidiary or Associates, including contingent or deferred compensation, during the financial year 2023-24.

Contingent or deferred compensation paid to Directors by our Company

There is no contingent or deferred compensation accrued for the financial year 2023-24 and payable to any of our Directors, which does not form part of their remuneration.

Service Contracts with Directors

Our Company has not entered into any service contracts with any of our Directors, which provide for benefits upon termination of employment, except entitlements payable under applicable laws. Details of terms of appointment of our Managing Director are referred in the paragraph *"Terms of appointment of Managing Director of our Company"* on page 193.

Payment or Benefit to Directors (non-salary related)

No amount or benefit has been paid or given, within the two preceding years from the date of this Information Memorandum, or is intended to be paid or given, to any of the officers of our Company, other than in the ordinary course of their employment or engagement with our Company.

Bonus or profit-sharing plan for our Directors

None of our Directors is entitled to any bonus (excluding performance linked incentive which is part of their remuneration) or profit-sharing of our Company.

Shareholding of our Directors in our Company

The details of shareholding of our Directors in our Company is provided in "*Capital Structure – Notes to the Capital Structure*" on page 50.

Our Articles of Association do not require that our Directors hold any qualification shares.

Interest of Directors

All our Directors may be deemed to be interested to the extent of commission, if any, and fees payable to them for attending meetings of the Board or a Committee thereof, and other remuneration and reimbursement of expenses, if any, payable to them by our Company. For further details, please see "*Terms of appointment of Managing Director of our Company*", "*Terms of appointment of our Non-Executive Directors, including Independent Directors*" and "*Payment or Benefit to Directors*" above.

Some of our Directors may also be regarded as interested in the Equity Shares of the Company held by them or by their relatives, and/or the entities with which they are associated as promoters, directors, partners, proprietors or trustees and/or to the companies, firms and trust, in which they are interested as directors, promoters, members, partners and trustees, and to the extent of any dividend payable to them and other distributions in respect of such Equity Shares.

None of our Directors have any interest in promotion or formation of the Company (in terms of the SEBI ICDR Regulations) as on the date of this Information Memorandum.

Some of our Directors may also be deemed to be interested in the contracts, transactions, agreements or arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners.

None of our Directors have any interest in any entity that is involved in activities similar to those conducted by our Company except Mr Anil Chadha, Mr. Supratim Dutta and Mr. Rajendra Kumar Singhi who are also Non Executive Directors in one or more Subsidiaries and / or Associates of the Company which are involved in activities similar to those conducted by the Company.

Except in the ordinary course of business and as disclosed in "*Information Memorandum Summary – Summary of related party transactions*" on page 18, our Directors do not have any other business interest in our Company.

Our Directors have no interest in any property acquired by our Company, or proposed to be acquired by our Company or in any transaction in the acquisition of land, construction of building and supply of machinery, etc. in relation to our Company.

No loans have been availed by our Directors from our Company or Subsidiaries.

Changes in our Board in the last three years

Details of the changes in our Board in the three years preceding the date of this Information Memorandum are set forth below:

Name of Directors	Designation	Date of appointment / cessation / change in designation	Reason
Mr. Karthik Bhanu	Non-Executive Director	July 28, 2023	Appointment as First Director
Ms. Ushasi Das	Non-Executive Director	July 28, 2023	Appointment as First Director
Mr. Mayur Dogra	Non-Executive Director	July 28, 2023	Appointment as First Director
Mr. Rajesh Poddar	Non-Executive Director	July 28, 2023	Appointment as First Director
Mr. Karthik Bhanu	Non-Executive Director	April 24, 2024	Cessation
Ms. Ushasi Das	Non-Executive Director	April 24, 2024	Cessation
Mr. Mayur Dogra	Non-Executive Director	April 24, 2024	Cessation
Mr. Rajesh Poddar	Non-Executive Director	April 24, 2024	Cessation
Mr. Sanjiv Puri	Chairman & Non-Executive Director	April 24, 2024	Appointment
Mr. Anil Chadha	Non-Executive Director	April 24, 2024	Appointment
Mr. Supratim Dutta	Non-Executive Director	April 24, 2024	Appointment
Mr. Rajendra Kumar Singhi	Non-Executive Director	April 24, 2024	Appointment
Mr. Prathivadibhayankara Rajagopalan Ramesh	Non-Executive Director	April 30, 2024	Appointment
	Independent Director	November 26, 2024	Change in designation from Non-Executive Director to Independent Director
Mr. Mukesh Gupta	Independent Director	November 26, 2024	Appointment
Ms. Vrinda Sarup	Independent Director	November 26, 2024	Appointment
Mr. Kamal Bali	Independent Director	December 14, 2024	Appointment
Dr. Indu Bhushan	Independent Director	December 14, 2024	Appointment
Mr. Tablesh Pandey	Non-Executive Director	December 14, 2024	Appointment
Mr. Anil Chadha	Managing Director	January 01, 2025	Change in designation from Non-Executive Director to Managing Director

Borrowing Powers of the Board

In accordance with our Articles of Association and subject to the provisions of the Companies Act, 2013 the Board may, from time to time, at its discretion, by a resolution passed at a meeting of the Board, borrow any sum of money for the purpose of our Company and the Board may secure repayment of such money in such manner and upon such terms and conditions in all respects as it thinks fit.

Corporate Governance

The provisions relating to corporate governance prescribed under the SEBI Listing Regulations will be applicable to our Company upon listing of the Equity Shares on the Stock Exchanges. Our Company administers corporate governance through the Board of Directors and the Strategic and Executive Management Committee of the Company. The Company is in compliance with the corporate governance requirements under the SEBI Listing Regulations, the Companies Act, 2013, and other applicable regulations, including in relation to constitution of the Board and Committees thereof and formulation and adoption of various policies.

Committees of the Board of the Company

The Company has the following Committees constituted by the Board in terms of the SEBI Listing Regulations and the Companies Act, 2013:

(a) Audit Committee;
(b) Nomination and Remuneration Committee;
(c) Securityholders Relationship Committee;
(d) CSR and Sustainability Committee;
(e) Independent Directors Committee; and
(f) Risk Management Committee.

1. Audit Committee

The Audit Committee of our Company was constituted by the Board with effect from December 14, 2024. The composition of the Audit Committee is as follows:

Name of the Director	Position in the committee	Designation
Mr. Prathivadibhayankara Rajagopalan Ramesh	Chairperson	Independent Director
Mr. Kamal Bali	Member	Independent Director
Mr. Mukesh Gupta	Member	Independent Director

The Company Secretary of our Company is the Secretary to the Committee.

The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations and its terms of reference are as follows:

(i) The Audit Committee shall have powers, including the following:

(a) To investigate any activity within its terms of reference;
(b) To seek information from any employee of the Company;
(c) To obtain outside legal or other professional advice;
(d) To secure attendance of outsiders with relevant expertise, if it considers necessary; and
(e) Such powers as may be prescribed under the Companies Act, 2013 and SEBI Listing Regulations.

(ii) The roles & responsibilities of the Audit Committee includes the following:

(a) To provide reassurance to the Board on the existence of an effective internal control environment that ensures:

- efficiency and effectiveness of operations,
- safeguarding of assets and adequacy of provisions for all liabilities,
- reliability of financial and other management information and adequacy of disclosures, and
- compliance with all relevant statutes;

(b) To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

(c) To recommend the appointment, remuneration, terms of appointment, and removal of Statutory Auditors, and to review the manner of rotation of Statutory Auditors;

(d) To approve engagement of Statutory Auditors for rendering other services and payment to them for such services;

(e) To approve the appointment of the Chief Financial Officer of the Company after assessing the qualifications, experience and background, etc. of the candidate;

(f) To approve transactions of the Company with related parties, including modifications thereto, and related party transactions of subsidiary companies, as applicable under the Listing Regulations;

(g) To discuss with the Statutory Auditors before the audit commences, the nature and scope of audit as well as have post-audit discussion to ascertain any area of concern and to review management letters / letters of internal control weaknesses issued, if any, by the Statutory Auditors;

(h) To review and monitor the Statutory Auditors' independence and performance, and effectiveness of the audit process;

(i) To evaluate the Company's internal financial controls and risk management systems;

(j) To scrutinise inter-corporate loans and investments;

(k) To review with the management the following:

  (i) Annual financial statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:

  - Matters required to be included in the Directors' Responsibility Statement forming part of the Board's Report.
  - Any changes in accounting policies and practices and reasons for such changes.
  - Major accounting entries involving estimates based on exercise of judgement by the management.
  - Modified opinion in draft Audit Report.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - The going concern assumption.
  - Compliance with Accounting Standards.
  - Compliance with listing and other legal requirements concerning financial statements.
  - Disclosure of any related party transactions;

  (ii) Quarterly financial statements before submission to the Board for approval;

  (iii) Performance of Statutory and Internal Auditors;

(l) To review the following:

  (i) Management discussion and analysis of financial condition and results of operations;

  (ii) Adequacy of internal audit function, including the structure of the internal audit department and staffing & seniority of the official heading the department;

  (iii) Reporting structure, coverage, functioning, frequency and methodology for conducting internal audit, such review to be done in consultation with the Internal Auditors;

  (iv) Adequacy of internal control systems and the Company's statement on the same prior to endorsement by the Board, such review to be done in consultation with the management, Statutory and Internal Auditors;

  (v) Findings of any internal investigations by the Internal Auditors, reports relating to internal control weaknesses, if any, and management's response on matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;

  (vi) Report on frauds, if any, submitted by the Auditors, and giving reply / observations on the same;

(vii) Reports of Internal Audit and discussion with Internal Auditors on any significant findings and follow up thereon;

(viii) System / manner of maintenance, storage, retrieval, display, print out and security of books of accounts of the Company maintained in the electronic form;

(ix) Functioning of Whistleblower mechanism in the Company;

(x) Utilisation of loans and / or advances and investments by the Company to / in any subsidiary company exceeding ₹ 100 crores or 10% of the asset size of the said subsidiary*, whichever is lower;
** or such other limit as may be prescribed*

(xi) Appointment, removal and remuneration of the Head of Internal Audit of the Company;

(xii) Details of related party transactions entered into by the Company pursuant to omnibus approval by the Committee;

(xiii) Financial statements, in particular investments, of unlisted subsidiary companies;

(m) To verify that the internal control systems laid down pursuant to the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 are adequate and operating effectively and also to review compliance with the said Regulations;

(n) To look into the reasons for substantial defaults, if any, in the payment to the shareholders (in case of non-payment of declared dividend) and creditors;

(o) To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation, etc. on the Company and the shareholders;

(p) To review all other areas which may be specified as role of the Committee under amendments, from time to time, to the Act, SEBI Listing Regulations and other applicable laws or as may be specified by the Board or as may be considered necessary or expedient to fulfil the roles and objectives of the Committee.

2. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of our Company was constituted by the Board effective from December 14, 2024. The composition of the Nomination and Remuneration Committee is as follows:

Name of the Director	Position in the committee	Designation
Ms. Vrinda Sarup	Chairperson	Independent Director
Mr. Sanjiv Puri	Member	Chairperson and Non-Executive Director
Mr. Prathivadibhayankara Rajagopalan Ramesh	Member	Independent Director

The Company Secretary of our Company is the Secretary to the Committee.

The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI Listing Regulations and its terms of reference are as follows:

(a) To formulate the criteria for determining qualifications, positive attributes and independence of Directors;

(b) To identify persons who are qualified to become Directors, including Managing Director and Executive Directors, if any, and to recommend to the Board their appointment and removal;

(c) To formulate the criteria for evaluation of performance of the Directors, Committees and the Board as a whole;

(d) To specify the manner for effective evaluation of performance of the Board, Board Committees and individual Directors, and to review implementation and compliance of the same;

(e) To recommend to the Board a policy relating to the remuneration of Directors, Key Managerial Personnel and other employees;

(f) To evaluate the balance of skills, knowledge and experience on the Board;

(g) To formulate a policy on Board Diversity;

(h) To recommend to the Board and administer the Employee Stock Option Scheme(s) of the Company;

(i) To review remuneration of the Managing Director and Executive Directors, if any, and to recommend the same to the Board;

(j) To recommend to the Board, appointment, remuneration, removal, etc. of the Key Managerial Personnel and Senior Management of the Company;

(k) To review all other areas which may be specified as role of the Committee under amendments, from time to time, to the Act, SEBI Listing Regulations and other applicable laws or as may be specified by the Board or as may be considered necessary or expedient to fulfil the roles and objectives of the Committee.

3. Securityholders Relationship Committee

The Securityholders Relationship Committee of our Company was constituted by the Board effective from December 14, 2024. The composition of the Securityholders Relationship Committee is as follows:

Name of the Director	Position in the committee	Designation
Mr. Tablesh Pandey	Chairperson	Non-Executive Director
Dr. Indu Bhushan	Member	Independent Director
Mr. Rajendra Kumar Singhi	Member	Non-Executive Director

The Company Secretary of our Company is the Secretary to the Committee.

The scope and function of the Securityholders Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations and its terms of reference are as follows:

(a) To oversee redressal of shareholders and investors grievances, including complaints related to non-receipt of annual report, non-receipt of declared dividends, general meetings, etc.;

(b) To approve transfer / transmission / rematerialisation of shares, issue of share certificates and / or letters of confirmation, etc.;

(c) To approve allotment of shares upon exercise of Options under the Company's Employee Stock Option Scheme(s);

(d) To approve transfer of shares to the Investor Education and Protection Fund Authority in respect of which dividend remains unclaimed or unpaid for seven consecutive years or more, as necessary;

(e) To review periodic report(s) on regulatory compliances related to shareholder and investor grievances;

(f) To oversee the performance of the Registrar and Share Transfer Agent of the Company, and to review adherence to the service standards adopted by the Company in respect of various services rendered by the Registrar and Share Transfer Agent;

(g) To review the measures taken for effective exercise of voting rights by shareholders at general meetings or through postal ballot or e-voting;

(h) To review the measures and initiatives taken for reducing the quantum of unclaimed dividend and ensuring timely receipt of dividends / annual reports / statutory notices by the shareholders;

(i) To review all other areas which may be specified as role of the Committee under amendments, from time to time, to the Act, SEBI Listing Regulations and other applicable laws or as may be specified by the Board or as may be considered necessary or expedient to fulfil the roles and objectives of the Committee.

4. CSR and Sustainability Committee

The CSR and Sustainability Committee of our Company was constituted by the Board effective from December 14, 2024. The composition of the CSR and Sustainability Committee is as follows:

Name of the Director	Position in the committee	Designation
Mr. Sanjiv Puri	Chairperson	Chairperson and Non-Executive Director
Dr. Indu Bhushan	Member	Independent Director
Mr. Anil Chadha	Member	Managing Director
Ms. Vrinda Sarup	Member	Independent Director

The Company Secretary of our Company is the Secretary to the Committee.

The scope and function of the CSR and Sustainability Committee is in accordance with Section 135 of the Companies Act, 2013 and its terms of reference are as follows:

(a) To review, monitor and provide strategic direction to the Company's Corporate Social Responsibility ('CSR') and sustainability practices towards fulfilling its Triple Bottom Line objectives;

(b) To guide the Company in integrating its social and environmental objectives with its business strategies;

(c) To formulate the CSR Policy ('Policy') of the Company and recommend the same to the Board, and also to monitor implementation of the Policy;

(d) To recommend to the Board, the annual CSR Action Plan (and modification thereof) for a financial year, delineating the CSR programmes, projects and activities to be carried out by the Company during the financial year, including the budgets thereof, their manner of execution, implementation schedules, modalities of utilisation of funds, monitoring & reporting mechanism and details of need and impact assessment, if any, for such programmes, projects and activities;

(e) To recommend to the Board, Annual Report on CSR activities which will be disclosed as part of the Board's Report;

(f) To review, once in every six months, the progress of implementation of the approved CSR programmes, projects and activities, and to update the Board on the status of such implementation;

(g) To review the Business Responsibility and Sustainability Report of the Company prepared under the Listing Regulations and recommend the same to the Board;

(h) To formulate the Sustainability Policies of the Company and recommend the same to the Board and also to review implementation of the said Policies annually;

(i) To review all other areas which may be specified as role of the Committee under amendments, from time to time, to the Act, SEBI Listing Regulations and other applicable laws or as may be specified by the Board or as may be considered necessary or expedient to fulfil the roles and objectives of the Committee.

5. **Independent Directors Committee**

The Independent Directors Committee of our Company was constituted by the Board effective from December 14, 2024 comprising all the Independent Directors of our Company. The role of the Independent Directors Committee shall be such as prescribed under the applicable laws. The composition of the Independent Directors Committee is as follows:

Name of the Director	Position in the committee	Designation
Mr. Kamal Bali	Member	Independent Director
Dr. Indu Bhushan	Member	Independent Director
Mr. Mukesh Gupta	Member	Independent Director
Mr. Prathivadibhayankara Rajagopalan Ramesh	Member	Independent Director
Ms. Vrinda Sarup	Member	Independent Director

6. **Risk Management Committee**

The Risk Management Committee of our Company was constituted by the Board effective from December 14, 2024. The composition of the Risk Management Committee is as follows:

Name of the Director	Position in the committee	Designation
Mr. Supratim Dutta	Chairperson	Non-Executive Director
Mr. Anil Chadha	Member	Managing Director
Mr. Mukesh Gupta	Member	Independent Director
Mr. Ashish Thakar	Member	Chief Financial Officer

The Head of Risk of our Company is the Secretary to the Committee.

The scope and function of the Risk Management Committee is in accordance with Regulation 21 of the SEBI Listing Regulations and the applicable provisions of the Companies Act, 2013 and its terms of reference are as follows:

(a) To formulate the Risk Management Policy ('Policy') of the Company and recommend the same to the Board, which shall, inter alia, include:

1. framework for identification of internal and external risks, including financial, operational, sectoral, ESG & sustainability related risks, information and cyber security risks,

2. measures for risk identification and prioritisation, risk mitigation plan, risk reporting & monitoring system, including systems and processes for internal control of identified risks, and the roles & responsibilities of various entities involved with risk management, and

3. framework for business continuity plan(s);

(b) To review the results of risk identification, prioritisation and mitigation plans and provide directions on the same, where necessary, and to ensure that appropriate methodology, processes & systems are in place to monitor and evaluate risks associated with the business of the Company;

(c) To review the risk mitigation strategies and adherence to stipulated timelines for implementation of action plans of the Company;

(d) To review the implementation, effectiveness and adequacy of the Policy, risk management systems, processes and plans of the Company on a half-yearly basis;

(e) To review the Policy at least once in every two years; such review to consider, inter alia, changing industry dynamics and evolving complexity;

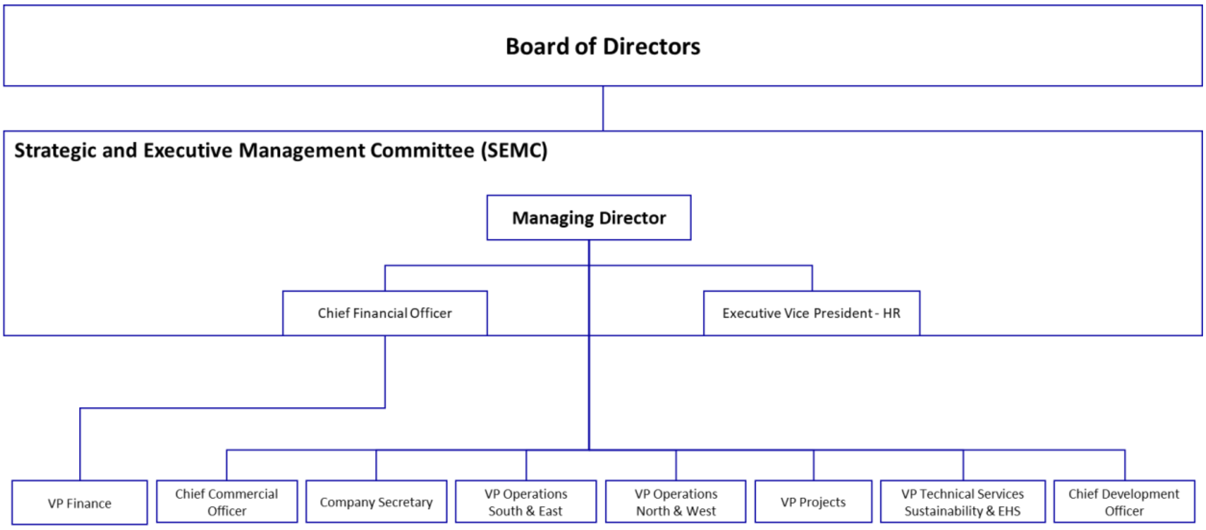
(f) To review the cyber security measures taken by the Company;

(g) To undertake such other interventions as may be necessary for effectiveness of the risk management processes of the Company;

(h) To review the appointment, removal and terms of remuneration of the Chief Risk Officer of the Company, if any;

(i) To review all other areas which may be specified as role of the Committee under amendments, from time to time, to the SEBI Listing Regulations and other applicable laws or as may be specified by the Board or as may be considered necessary or expedient to fulfil the roles and objectives of the Committee.

MANAGEMENT ORGANISATION STRUCTURE



KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

Brief profiles of our Key Managerial Personnel

In addition to Mr. Anil Chadha, our Managing Director, whose details are provided in "*Brief profiles of our Directors*", the details of our other Key Managerial Personnel are provided below:

Mr. Ashish Thakar is the Chief Financial Officer of our Company effective from December 14, 2024. A qualified Chartered Accountant, Mr. Thakar joined ITC Limited on June 30, 1992, after completing his master's in business administration.

In a career spanning over three decades at ITC Limited, Mr. Thakar has held various senior roles in the finance function. Prior to working under the hotels division of ITC Limited, he held the position of vice president finance at foods division of ITC Limited, and was also a part of ITC Limited's strategic planning team. He has handled various aspects of finance including controllership, planning, accounting, procurement, M&A, business strategy along with information technology and hotel specific investments.

Mr. Thakar is presently on the board of Gujarat Hotels Limited, Fortune Park Hotels Limited, Landbase India Limited, Bay Islands Hotels Limited, WelcomHotels Lanka (Private) Limited, Srinivasa Resorts Limited, Logix Developers Private Limited and Maharaja Heritage Resorts Limited.

Mr. Diwaker Dinesh is the Company Secretary and Compliance Officer of our Company. He is a member of the Institute of Company Secretaries of India and holds a master's degree in commerce and a bachelor's degree in law. He was appointed as the Manager and Company Secretary of our Company on September 11, 2023. He ceased to be Manager of the Company with effect from January 01, 2025.

Mr. Diwaker joined ITC Limited in February 2023, bringing with him over 17 years of experience in corporate governance practices, corporate laws and securities laws related matters, etc. Before joining ITC Limited, Mr. Diwaker was working with Ester Industries Limited as Company Secretary.

Brief profiles of our Senior Management, other than Key Managerial Personnel

Details of our Senior Management are provided below:

Mr. Sanjay Bose joined ITC Limited on September 28, 2017 and is currently the Executive Vice President and Head Human Resource of our Company. With nearly three decades in HR, he has had extensive experience in organisation restructuring, M&A, HR transformation and rewards besides other areas of the profession. He has obtained a master's in business administration in HR from Xavier Institute of Social Service, ("XISS") Ranchi and has subsequently completed the Advanced General Management Programme from Indian Institute of Management, Bengaluru and the Advanced Leadership Programme from Stephen Ross School of Business Management, University of Michigan.

As an active contributor, Mr. Bose has served in various bodies like Confederation of Indian Industry, National Human Resource Development Network, etc., at national and regional levels for the last 15 years. He has been associated with Management Development Institute, Gurugram, Institute of Management Technology, Ghaziabad, Tata Institute of Social Services, XISS Ranchi, the Institute of hotel management catering and nutrition Pusa- New Delhi and Welcomgroup Graduate School of Hotel Administration, Manipal, among others, as part of governing council, board of studies etc. His contributions in HR have won him multiple accolades including 'CHRO of the Year -2019' by Business World and 'Best CHRO by W.E. Matter' in 2022. Before joining ITC Limited, Mr. Bose was associated with Indian Hotels Company Limited as Vice President - Human Resource.

Mr. Hebbagilu Chandrashekara Vinayaka joined ITC Limited on May 23, 2001 and is currently the Vice President ‑ Technical Services, EHS and Sustainability of our Company. He is an engineer from Mysore University with over 35 years of experience in the hospitality industry, specializing in sustainability and ESG, climate change, decarbonization, net zero carbon, water and waste management, technical services, innovation, product development, and environment, health and safety ("EHS").

Mr. Vinayaka has been recognized with many awards and accolades in the area of technical services, innovations, adaptation of new technology, EHS and sustainability.

Mr. Vidyaprakash Prabhakaran Menon joined ITC Limited on January 10, 1993 and is currently the Vice President – Projects of our Company. A civil engineer by qualification, he started his career with ITC Limited as a trainee engineer. During his career spanning over three decades, the hotels division of ITC Limited developed many luxury hotels and he played a key role in conceptualizing and developing iconic projects.

Mr. Menon is also a director on the boards of Logix Developers Private Limited, WelcomHotels Lanka (Private) Limited and Srinivasa Resorts Limited.

Mr. Mohit Aggarwal joined ITC Limited on November 20, 2000 and is currently the Vice President – Finance of the Company. He is a qualified chartered accountant and graduate from Shri Ram College of Commerce, Delhi University with over 26 years of experience. He joined in corporate internal audit department of ITC Limited and since joining, he has worked across various businesses like tobacco, trade marketing and distribution, lifestyle retailing businesses and has held various responsibilities in the areas of manufacturing finance, marketing finance, divestment of brand, restructuring of business, supply chain, ERP implementation, indirect taxation, inventory management, receivables management, internal audit, books of accounts, management information system, etc. Before joining ITC Limited, Mr. Aggarwal was associated with Sahni, Natarajan & Bahl, Chartered Accountants, New Delhi. He is also a director on the boards of Maharaja Heritage Resorts Limited and Srinivasa Resorts Limited.

Mr. Zubin Sarosh Songadwala joined ITC Limited on February 1, 1991 and is currently the Vice President – Operations (South and East) of our Company.

An alumnus of the Institute of Hotel Management in Mumbai and a graduate of the ITC Hotel Management Institute, Mr. Songadwala's journey with ITC Limited began at ITC Windsor in Bengaluru. He has held senior management positions at ITC Hotels in Agra, Delhi, Kolkata, Mumbai and Chennai.

Mr. Songadwala is responsible for growing the market, scouting opportunities, maximizing the value of brands under the ambit of ITC Hotels. Zubin has received many awards, including recognition from EazyDiner, Foodie, and the BBC Food award for 'General Manager of the Year', International Hospitality Council London and International Institute of Hotel Management Hospitality for a Cause Award for Outstanding Achievement and Contribution in the field of Hospitality. He is also a director on the boards of Bay Islands Hotels Limited and

Srinivasa Resorts Limited.

Mr. Atul Bhalla joined ITC Limited on February 9, 1998 and is currently the Vice President – Operations (North and West) of our Company.

An alumnus of the Institute of Hotel Management Catering Technology and Applied Nutrition, Hyderabad and a graduate in Sociology from Osmania University, Mr. Bhalla began his career with ITC Hotels at ITC Kakatiya, Hyderabad. He has held senior management positions at ITC Hotels at Bengaluru, Chennai, Delhi and Mumbai.

In his tenure spanning over three decades, Mr. Bhalla has received many awards, including recognition from the BBC Food award as General Manager of the Year, International Hospitality Council London and International Institute of Hotel Management Hospitality for Outstanding Leadership Contribution and Chief Marketing Officer Asia Award for the Best General Manager, Mumbai. Before joining ITC Limited, Mr. Bhalla was associated with Holiday Inn as Restaurant Manager. He is presently on the board of Landbase India Limited.

Mr. Arif Musa Patel joined ITC Limited on August 1, 2022 and is currently the Chief Commercial Officer of our Company. Mr. Patel, a science graduate, has experience of over three decades across Indian and global hospitality brands, spread over multiple geographies. He has diverse experience in spearheading and launching extensive revenue, sales, marketing, loyalty and customer relationship management operations. Before joining ITC Limited, Mr. Patel was associated with Hyatt Hotels Corporation as Vice President - Sales & Marketing, India & South Asia. He is also a director on the boards of Gujarat Hotels Limited and Srinivasa Resorts Limited.

Mr. Bhaskar Malla Bujor Baruah joined ITC Limited on October 1, 2024 and is currently the Chief Development Officer of our Company. He currently oversees the growth and development function for our Company with a focus on portfolio growth of all the brands of ITC Hotels.

Mr. Baruah is an alumni member of the Lawrence School Lovedale, Nilgiris and an alumnus of the ITC Welcomgroup Management Institute, having joined its Hotel Executive Program in July 2000. He completed his diploma in hotel management, catering technology and applied nutrition from the Institute of Hotel Management Kolkata.

Before joining ITC Limited, he was the senior director - hotel development at Marriott International with development focus in the South Asian markets.

Status of Key Managerial Personnel and Senior Management

All the Key Managerial Personnel and Senior Management are in wholetime employment of our Company.

Relationship of Key Managerial Personnel and Senior Management

None of our Key Managerial Personnel or Senior Management are related to each other.

Arrangement or understanding with major Shareholders, customers, suppliers or others

None of our Key Managerial Personnel or Senior Management have been appointed pursuant to any arrangement or understanding with our major Shareholders, customers, suppliers or others, except Mr. Ashish Thakar, Mr. Diwaker Dinesh and Mr. Mohit Aggarwal who have been deputed to the Company from ITC Limited, Promoter.

Shareholding of the Key Managerial Personnel and Senior Management

The details of shareholding of Key Managerial Personnel and Senior Management is provided in "*Capital Structure – Notes to the Capital Structure*" on page 50.

As on the date of this Information Memorandum, none of our Key Managerial Personnel and Senior Management have been granted any Stock Options under the Special Purpose ESOP Scheme of our Company. However, pursuant to the Scheme of Arrangement, they will be granted stock options by our Company under the Special Purpose ESOP Scheme in respect of the outstanding stock options of ITC Limited held by them.

Change in our Key Managerial Personnel in the last three years

Name of the Key Managerial Personnel	Designation	Date of appointment/ cessation	Reason
Mr. Anil Chadha	Managing Director	January 1, 2025	Appointment
Mr. Ashish Thakar	Chief Financial Officer	December 14, 2024	Appointment
Mr. Diwaker Dinesh	Manager	September 11, 2023	Appointment
	Company Secretary	September 11, 2023	Appointment
	Manager	January 1, 2025	Cessation*
Mr. Chandan Saboo	Chief Financial Officer	September 11, 2023	Appointment
		December 14, 2024	Cessation#

**Mr. Diwaker Dinesh ceased to be Manager of the Company and continues to be Company Secretary of the Company.*
#Mr. Chandan Saboo was on deputation from ITC Limited. He ceased to be Chief Financial Officer of the Company consequent to his reversion to ITC Limited.

Change in our Senior Management in the last three years

All other managers forming part of the Senior Management have been transferred / deputed from Hotels Business of ITC Limited effective January 1, 2025.

Service contracts with Key Managerial Personnel or Senior Management

Our Company has not entered into any service contracts with any Key Managerial Personnel or Senior Management, which provide for benefits upon termination of employment or retirement, except entitlements payable under applicable laws.

Bonus or profit-sharing plan for our Key Managerial Personnel and Senior Management

Our Key Managerial Personnel and Senior Management are entitled to performance bonus, as determined and recommended by the Nomination and Remuneration Committee and approved by the Board of Directors. None of our Key Managerial Personnel or Senior Management are party to any profit-sharing plan of the Company.

Further, no other amount or benefits in kind has been paid or given, in the two years preceding the date of this Information Memorandum, or is intended to be paid or given to any of our Company's officers including the Key Managerial Personnel and Senior Management except as remuneration and reimbursements for services rendered as officers or employees of our Company.

Interests of Key Managerial Personnel and Senior Management

The Key Managerial Personnel and Senior Management do not have any interest in our Company other than (i) as stated in "*Financial Information –Related Party Transactions*"; or (ii) to the extent of the remuneration and other employment benefits to which they are entitled to as per their terms of employment for service rendered as officers or employees of our Company. The Key Managerial Personnel or Senior Management may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares that may be held by them in our Company like any other shareholders.

Contingent or deferred compensation payable to our Key Managerial Personnel and Senior Management

There is no contingent or deferred compensation accrued for the financial year 2023-24 payable to the Key Managerial Personnel or Senior Management of the Company, which does not form part of their remuneration.

Payment or Benefit to Key Managerial Personnel and Senior Management of the Company

No non-salary amount or benefit has been paid or given within the two preceding years of this Information Memorandum or is intended to be paid or given to any of the officers of our Company, including the Key Managerial Personnel and Senior Management other than in the ordinary course of their employment or engagement with our Company.

Attrition rate of Key Managerial Personnel and Senior Management

The attrition rate of the Key Managerial Personnel or Senior Management of the Company is not high compared to the industry.

OUR PROMOTER AND PROMOTER GROUP

ITC Limited is the Promoter of our Company as on the date of this Information Memorandum. Details of our Promoter Group is provided on page 210.

As on date of this Information Memorandum, our Promoter holds 83,00,00,000 Equity Shares, representing 39.88% of the issued, subscribed and paid-up equity share capital of our Company. For details, please see "*Capital Structure – Build-up of Promoter's equity shareholding in our Company*" on page 55.

Details of our Promoter is as follows:

ITC Limited

ITC Limited was incorporated on August 24, 1910 as a public limited company limited by shares by the name and style of 'The Imperial Tobacco Company of India Limited', under 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. Its Corporate Identity Number is L16005WB1910PLC001985 and its registered office is located at Virginia House, 37 Jawaharlal Nehru Road, Kolkata 700 071, West Bengal, India.

ITC Limited is one of India's leading private sector companies and a diversified conglomerate with businesses spanning Fast Moving Consumer Goods (Cigarettes & Cigars, Branded Packaged Foods, Personal Care Products, Education & Stationery Products, Safety Matches and Agarbattis), Paperboards, Paper and Packaging, and Agri Business. During the last five years, there has been no change in the Objects Clause, name and registered office of ITC Limited.

Shareholding Pattern

As on the date of this Information Memorandum, the authorised share capital of ITC Limited is ₹ 20,00,00,00,000 divided into 20,00,00,00,000 ordinary shares of face value of ₹ 1 each. The issued and paid-up share capital of ITC Limited, as on the date of this Information Memorandum, is ₹ 12,51,17,10,391 divided into 12,51,17,10,391 ordinary shares of face value of ₹ 1 each.

The following table sets forth details of the shareholding pattern of ITC Limited, as on the date of this Information Memorandum:

Sl. No.	Category of Shareholder	Number of equity shares held	Percentage (%) of equity shareholding
1.	Promoter & Promoter Group	Nil	NA
2.	Public	12,50,82,01,664	99.97
3.	Non Promoter - Non Public (shares underlying GDRs)	35,08,727	0.03
TOTAL		**12,51,17,10,391**	100

Board of Directors

The Board of Directors of ITC Limited as on the date of this Information Memorandum comprises the following:

Sl. No.	Name of the Director	Designation
1.	Mr. Sanjiv Puri	Chairman & Managing Director
2.	Mr. Sumant Bhargavan	Executive Director
3.	Mr. Supratim Dutta	Executive Director & Chief Financial Officer
4.	Mr. Hemant Malik	Executive Director
5.	Mr. Hemant Bhargava	Independent Director
6.	Ms. Alka Marezban Bharucha	Independent Director
7.	Mr. Chandra Kishore Mishra	Independent Director
8.	Mr. Siddhartha Mohanty	Non-Executive Director
9.	Mr. Shyamal Mukherjee	Independent Director

Sl. No.	Name of the Director	Designation
10.	Mr. Anand Nayak	Independent Director
11.	Dr. Alok Pande	Non-Executive Director
12.	Mr. Sunil Panray	Non-Executive Director
13.	Ms. Nirupama Rao	Independent Director
14.	Mr. Ajit Kumar Seth	Independent Director
15.	Mr. Atul Singh	Non-Executive Director
16.	Ms. Pushpa Subrahmanyam	Independent Director

Details of Change in Control

There has been no change in control of ITC Limited in the last three years preceding the date of this Information Memorandum, since there is no individual or entity which controls ITC Limited.

Other details

Our Company confirms that the permanent account number, bank account number(s), company registration number and the address of the registrar of companies where ITC Limited is registered, shall be submitted to the Stock Exchanges at the time of filing this Information Memorandum.

Change in our Promoter

There has been no change in promoter of our Company, in the last two years preceding the date of this Information Memorandum.

Common Pursuits

There are no common pursuits between the Company and our Promoter.

Interest of our Promoters

Other than the Demerged Undertaking which was transferred pursuant to the Scheme of Arrangement, our Promoter does not have any interest in any property acquired by our Company since its incorporation or proposed to be acquired by our Company or in any transaction by our Company with respect to the acquisition of land, construction of building or supply of machinery, etc. Further, our Company has entered into license agreements and transition services agreement with the Promoter. For more details on these agreements, please refer to "*Our Business – Post Scheme Arrangements*" on page 164.

Payment or benefits to Promoter or Promoter Group

Except in the ordinary course of business and/or as disclosed in "*Financial Information – Related Party Transactions*" on pages 238 and 259, no amount or benefit has been paid or given to our Promoter or Promoter Group during the two years preceding the filing of this Information Memorandum nor is there any intention to pay or give any amount or benefit to our Promoter.

Material guarantees given by our Promoter to third parties with respect to Equity Shares

Our Promoter has not given any material guarantee to any third party with respect to the Equity Shares as on the date of this Information Memorandum.

Companies or firms with which our Promoter have disassociated in the last three years

Our Promoter has not disassociated itself from any companies or firms in the three years preceding the date of this Information Memorandum, except as disclosed below:

Name of Promoter who has Disassociated	Name of Company# or Firm from which Promoter has Disassociated	Reason for Disassociation	Date of Disassociation
ITC Limited	Espirit Hotels Private Limited*	Divestment by our Promoter	April 7, 2023

**A joint venture company in which our Promoter held 26% of the equity share capital of such company.*

Promoter Group

In addition to our Promoter, the entities that form a part of the Promoter Group of the Company in terms of SEBI ICDR Regulations are set out below:

1. Russell Credit Limited
2. Greenacre Holdings Limited
3. Wimco Limited
4. Pavan Poplar Limited
5. Prag Agro Farm Limited
6. Technico Pty Limited, Australia
7. Technico Asia Holdings Pty Limited, Australia
8. Technico Horticultural (Kunming) Co. Limited, China
9. Technico Agri Sciences Limited
10. Technico Technologies Inc., Canada
11. ITC Infotech India Limited
12. ITC Infotech Limited, UK
13. ITC Infotech (USA), Inc., USA
14. Indivate Inc., USA
15. ITC Infotech Do Brasil LTDA., Brazil
16. ITC Infotech Malaysia SDN. BHD., Malaysia
17. ITC Infotech GmbH, Germany
18. ITC Infotech France SAS, France
19. ITC Infotech de México, S.A. de C.V., Mexico
20. ITC Infotech Arabia Limited, Saudi Arabia
21. ITC Infotech Italia s.r.l., Italy
22. Blazeclan Technologies Private limited
23. Cloudlytics Technologies Private Limited
24. Blazeclan Technologies PTE Ltd., Singapore
25. Blazeclan Technologies SDN. BHD., Malaysia
26. Blazeclan Technologies Pty. Ltd., Australia
27. Blazeclan Europe SRL., Belgium
28. Blazeclan Technologies Limited, New Zealand
29. Blazeclan Technologies Inc., Canada
30. Blazeclan Technologies LLC, USA
31. Blazeclan Americas Inc., USA
32. Blazeclan Technologies Corporation, Philippines
33. Gold Flake Corporation Limited
34. ITC Integrated Business Services Limited
35. MRR Trading & Investment Company Limited
36. ITC IndiVision Limited
37. Surya Nepal Private Limited, Nepal
38. Surya Nepal Ventures Private Limited, Nepal
39. North East Nutrients Private Limited
40. ITC Fibre Innovations Limited
41. Sproutlife Foods Private Limited
42. Logix Developers Private Limited
43. Delectable Technologies Private Limited
44. Mother Sparsh Baby Care Private Limited

OUR GROUP COMPANIES

In terms of the SEBI ICDR Regulations, the term "group companies", includes:

(i) such companies (other than promoter group companies and subsidiaries) with which there were related party transactions during the period for which financial information is disclosed, as covered under applicable accounting standards, and;

(ii) any other companies considered material by the board of directors of the relevant issuer company.

For (i) above, the Company has not entered into any related party transactions with any company (other than Promoter) during the period for which financial information is disclosed in this Information Memorandum.

Additionally, pursuant to the Materiality Policy on disclosures under SEBI ICDR Regulations, for the purposes of (ii) above, a company has been considered material and shall be disclosed as a group company in this Information Memorandum if: (a) such company is currently a member of the Promoter Group; and (b) the Company has entered into transactions with such entities amounting to more than 5% of the net worth of the Company as on March 31, 2024.

For the purpose of this Information Memorandum, there are no Companies considered material by the Board of Directors of the Company.

Accordingly, there are no Group Companies as on date of the Information Memorandum.

DIVIDEND POLICY

As on the date of this Information Memorandum, our Company has a formal dividend policy named as 'Dividend Distribution Policy' approved by our Board of Directors at its meeting held on November 19, 2024. The said Policy is reproduced below:

"This Dividend Distribution Policy is framed in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and sets out the parameters that will be taken into account by the Board of Directors of the Company ('the Board') in determining the distribution of surplus to its equity shareholders and/or retaining profits earned by the Company, as the Company has issued only one class of Shares viz. Equity Shares.

The Company will strive to maintain a steady stream of dividend to its shareholders. Dividend distribution shall take into account the financial performance, cash flow and liquidity position of the Company and the distributable surplus available under law. It will also take into account the need to retain earnings to meet foreseeable funding requirements to support the Company's growth plans (organic and inorganic), prevailing economic and market conditions, cyclicality in the hotel industry and the financial capacity that needs to be conserved to address any contingencies that may arise.

Dividend distribution will also cognise for foreseeable risks and opportunities in the globalised competitive context.

The Board may declare interim dividend(s) at its discretion. The Board's recommendation to the shareholders on the final dividend may include special dividend(s) as considered appropriate.

In the event of any inconsistency between the Policy and the applicable laws, the applicable laws will prevail. Any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the terms of the Policy, shall be deemed to have been incorporated in the Policy.

The Policy will be reviewed and / or modified by the Board as and when deemed necessary."

Our Company has not declared / paid any dividend since incorporation till the date of this Information Memorandum.

SECTION VI – FINANCIAL INFORMATION

AUDITED FINANCIAL STATEMENTS

(*The remainder of this page has intentionally been left blank*)

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

Tel: +91 124 681 6000

INDEPENDENT AUDITOR'S REPORT
To the Members of ITC Hotels Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

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

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

Basis for Opinion

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

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

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

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

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

Responsibility of Management for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books ;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended, specified under section 133 of the Act;

   (e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the period ended March 31, 2024 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. No dividend has been declared or paid during the period by the Company.

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

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Sd/-

per Sanjay Vij
Partner
Membership Number: 095169
UDIN: 24095169BKFNCD7629
Place of Signature: Gurugram
Date: April 23, 2024

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

Re: ITC Hotels Limited ("the Company")

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Sd/-

per Sanjay Vij
Partner
Membership Number: 095169
UDIN: 24095169BKFNCD7629
Place of Signature: Gurugram
Date: April 23, 2024

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls With Reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls With Reference to Financial Statements

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

Opinion

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

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Sd/-

per Sanjay Vij
Partner
Membership Number: 095169
UDIN: 24095169BKFNCD7629
Place of Signature: Gurugram
Date: April 23, 2024

ITC HOTELS LIMITED
(CIN: U55101WB2023PLC263914)

Balance Sheet as at March 31, 2024

(Rupees in Lakhs unless specified otherwise)

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

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

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

Sd/-

Sanjay Vij
Partner
Membership Number: 095169

Place : Gurugram
Date : April 23, 2024

On Behalf of the Board of Directors

Sd/-
Karthik Bhanu
Director
(DIN:10260028)

Sd/-
Rajesh Poddar
Director
(DIN:00297605)

Sd/-
Diwaker Dinesh
Manager & Company Secretary

Sd/-
Chandan Saboo
Chief Financial Officer

Place: Kolkata
Date: April 23, 2024

ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

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

(Rupees in Lakhs unless specified otherwise)

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

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

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

Sd/-

Sanjay Vij
Partner
Membership Number: 095169

Place : Gurugram
Date : April 23, 2024

On Behalf of the Board of Directors

Sd/-
Karthik Bhanu
Director
(DIN:10260028)

Sd/-
Rajesh Poddar
Director
(DIN:00297605)

Sd/-
Diwaker Dinesh
Manager & Company Secretary

Sd/-
Chandan Saboo
Chief Financial Officer

Place: Kolkata
Date: April 23, 2024

ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

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

(Rupees in Lakhs unless specified otherwise)

A. Equity Share Capital

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

B. Other Equity

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

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

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

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

Sd/-

Sanjay Vij
Partner
Membership Number: 095169

Place : Gurugram
Date : April 23, 2024

On Behalf of the Board of Directors

Sd/-
Karthik Bhanu
Director
(DIN:10260028)

Sd/-
Rajesh Poddar
Director
(DIN:00297605)

Sd/-
Diwaker Dinesh
Manager & Company Secretary

Sd/-
Chandan Saboo
Chief Financial Officer

Place: Kolkata
Date: April 23, 2024

ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

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

(Rupees in Lakhs unless specified otherwise)

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

Note:

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

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

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

Sd/-

Sanjay Vij
Partner
Membership Number: 095169

Place : Gurugram
Date : April 23, 2024

On Behalf of the Board of Directors

Sd/-	Sd/-
Karthik Bhanu	**Rajesh Poddar**
Director	**Director**
(DIN:10260028)	(DIN:00297605)
Sd/-	Sd/-
Diwaker Dinesh	**Chandan Saboo**
Manager & Company Secretary	**Chief Financial Officer**

Place: Kolkata
Date: April 23, 2024

1. Corporate information

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

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

2. Material accounting policies

(i) Statement of Compliance

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

(ii) Basis of Preparation

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

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

(iii) Operating Cycle

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

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

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

a) Financial Assets

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

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

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

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

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

(a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

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

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

b) Financial Liabilities

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

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

c) Offsetting Financial Instruments

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

(v) Employee Benefits

Short-term benefits

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

(vi) Taxes

Taxes on income comprises of current taxes and deferred taxes.

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

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

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

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

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

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

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

(vii) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.
For the purpose of the Standalone statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3. **Use of Estimates and Judgements**

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

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

(Rupees in Lakhs unless specified otherwise)

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

Movement in deferred tax (liabilities) / assets balances

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

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

ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

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

(Rupees in Lakhs unless specified otherwise)

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

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

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

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

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

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

ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

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

(Rupees in Lakhs unless specified otherwise)

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

A) Reconciliation of the equity shares outstanding

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

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

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

C) Shares held by holding company and its nominees

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

D) Shareholding of promoters

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

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

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

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

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

(Rupees in Lakhs unless specified otherwise)

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

**Refer Note 15*

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

ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

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

(Rupees in Lakhs unless specified otherwise)

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

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

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

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

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

*excluding taxes

ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

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

(Rupees in Lakhs unless specified otherwise)

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

B. Reconciliation of effective tax rate

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

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

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

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

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

(Rupees in Lakhs unless specified otherwise)

18. Financial Ratios

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

The following financials ratios are not applicable to the Company

Trade Receivable Turnover Ratio
Trade Payable Turnover Ratio
Net Capital Turnover Ratio
Net Profit ratio
Return on Capital Employed
Return on investment
Debt Service Coverage ratio
Debt - Equity ratio
Inventory Turnover Ratio

ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

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

(Rupees in Lakhs unless specified otherwise)

19. Related Party Disclosures

A. Names of related parties and description of relationship:

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

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

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

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

C. Disclosure of outstanding balances:

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

(Rupees in Lakhs unless specified otherwise)

20. Financial instruments and related disclosures

a. Capital Management

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

b. Categories of Financial Instrument

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

c. Financial Risk Management Objectives

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

i) Market risk

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

ii) Interest rate risk

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

iii) Foreign currency risk

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

iv) Liquidity risk

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

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

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

(v) Credit risk

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

(Rupees in Lakhs unless specified otherwise)

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

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

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

(ii) Segment Reporting

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

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

(iv) Corporate social responsibility (CSR)

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

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

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

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

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

Sd/-

Sanjay Vij
Partner
Membership Number: 095169

Place : Gurugram
Date : April 23, 2024

On Behalf of the Board of Directors

Sd/-

Karthik Bhanu
Director
(DIN:10260028)

Sd/-

Rajesh Poddar
Director
(DIN:00297605)

Sd/-
Diwaker Dinesh
Manager & Company Secretary

Sd/-
Chandan Saboo
Chief Financial Officer

Place: Kolkata
Date: April 23, 2024

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

Tel: +91 124 681 6000

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of ITC Hotels Limited

Opinion

We have audited the accompanying special purpose interim Ind AS financial statements of ITC Hotels Limited ("the Company"), which comprise the interim Balance Sheet as at September 30, 2024, the interim Statement of Profit and Loss, including the interim statement of Other Comprehensive Income, the interim Statement Cash Flows and the interim Statement of Changes in Equity for the six months period then ended, and a summary of select explanatory notes.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose interim Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Indian Accounting Standard (Ind AS) 34 specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended of the state of affairs of the Company as at September 30, 2024, its profit including other comprehensive income, its cash flows and the changes in equity for the period ended on that date.

Basis for Opinion

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

Responsibilities of Management for the Special Purpose Interim Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these special purpose interim Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the requirement of Indian Accounting Standard (Ind AS) 34 specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the special purpose interim Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the special purpose interim Ind AS financial statements, Board of Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Special Purpose Interim Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the special purpose interim Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose interim Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the special purpose interim Ind AS financial statements, including the disclosures, and whether the special purpose interim Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other matter

a) The accompanying special purpose interim Ind AS financial statements include comparative period financial information for the period ended September 30, 2023 which has been compiled based on management certified numbers and has not been subject to audit by us.

b) The accompanying special purpose interim Ind AS financial statements, have been prepared, and this report thereon issued, solely for use by the management for its inclusion in the information memorandum to be filed by the Company with the relevant stock exchanges for the proposed listing of equity shares of the Company in accordance with the scheme of demerger of Hotels business of ITC Limited ("Holding Company") into the Company. Accordingly, this report should not be used, referred to or distributed for any other purpose without our prior written consent. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Sd/-

per Sanjay Vij
Partner
Membership Number: 095169
UDIN: 24095169BKFNGM7848
Place of Signature: Queenstown
Date: December 31, 2024

ITC HOTELS LIMITED
(CIN: U55101WB2023PLC263914)

Special Purpose Interim Financial Statements

Interim Balance Sheet as at September 30, 2024

(Rupees in Lakhs unless specified otherwise)

	Notes	As at September 30, 2024		As at March 31, 2024	
ASSETS					
Non-current assets					
(a) Financial Assets					
(i) Others	4	5.00		-	
(b) Deferred tax assets (net)	5	42.14		47.52	
(c) Income tax assets (net)	6	10.90	58.04	9.08	56.60
Current assets					
(a) Financial Assets					
(i) Investments	7	870.05		-	
(ii) Cash and cash equivalents	8	35.48		24.32	
(iii) Other Bank Balances	9	7,500.00		8,150.00	
(iv) Others	10	71.23		373.03	
(b) Other current assets	11	40.44	8,517.20	33.99	8,581.34
TOTAL ASSETS			**8,575.24**		**8,637.94**
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share capital	12	8,300.00		8,300.00	
(b) Other Equity		243.39	8,543.39	110.52	8,410.52
Liabilities					
Current liabilities					
(a) Financial Liabilities					
(i) Other financial liabilities	13	30.94		221.01	
(b) Other current liabilities	14	0.91	31.85	6.41	227.42
TOTAL EQUITY AND LIABILITIES			**8,575.24**		**8,637.94**

The accompanying notes 1 to 23 are an integral part of the Special Purpose Interim Financial Statements

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

Sd/-

Sanjay Vij
Partner
Membership Number: 095169
Place : Queenstown
Date : December 31, 2024

On Behalf of the Board of Directors

Sd/-

Anil Chadha
Director
(DIN: 08073567)
Place: Gurugram
Date: December 31, 2024

Sd/-

Supratim Dutta
Director
(DIN: 01804345)
Place: Kolkata
Date: December 31, 2024

Sd/-

Ashish Thakar
Chief Financial Officer
Place: Gurugram
Date: December 31, 2024

Sd/-

Diwaker Dinesh
Company Secretary
Place: Kolkata
Date: December 31, 2024

ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

Special Purpose Interim Financial Statements

Interim Statement of Profit and Loss for the period ended September 30, 2024

(Rupees in Lakhs unless specified otherwise)

	Particulars	Notes	For the period ended September 30, 2024	For the period from July 28, 2023 to September 30, 2023
I	Revenue from operations		-	-
II	Other income	15	314.21	93.42
III	**Total Income (I+II)**		**314.21**	**93.42**
IV	**EXPENSES**			
	Employee benefits expense	16	80.30	8.30
	Other expenses	17	56.35	0.05
	Total expenses (IV)		**136.65**	**8.35**
V	**Profit before exceptional items and tax (III - IV)**		**177.56**	**85.07**
VI	Exceptional Items		-	-
VII	**Profit before tax (V + VI)**		**177.56**	**85.07**
VIII	**Tax expense:**			
	Current Tax	18	39.31	21.41
	Deferred Tax	18	5.38	-
IX	**Profit for the period (VII - VIII)**		**132.87**	**63.66**
X	**Other Comprehensive Income**		-	-
XI	**Total Comprehensive Income for the period (IX + X)**		**132.87**	**63.66**
XII	Earnings per equity share (Face value of ₹ 1.00 each):			
	(1) Basic (in ₹)	19	0.02	0.01
	(2) Diluted (in ₹)	19	0.02	0.01

The accompanying notes 1 to 23 are an integral part of the Special Purpose Interim Financial Statements

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

Sd/-

Sanjay Vij
Partner
Membership Number: 095169
Place : Queenstown
Date : December 31, 2024

On Behalf of the Board of Directors

Sd/-

Anil Chadha
Director
(DIN: 08073567)
Place: Gurugram
Date: December 31, 2024

Sd/-

Supratim Dutta
Director
(DIN: 01804345)
Place: Kolkata
Date: December 31, 2024

Sd/-

Ashish Thakar
Chief Financial Officer
Place: Gurugram
Date: December 31, 2024

Sd/-

Diwaker Dinesh
Company Secretary
Place: Kolkata
Date: December 31, 2024

ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

Special Purpose Interim Financial Statements

Interim Statement of changes in equity for the period ended September 30, 2024

(Rupees in Lakhs unless specified otherwise)

A. Equity Share Capital

	Balance at the beginning of the reporting period	**Changes in equity share capital during the period**	**Balance at the end of the reporting period**
For the period ended September 30, 2024	8,300	-	8,300
For the period from July 28, 2023 to September 30, 2023	-	8,300	8,300

B. Other Equity

	Reserves and Surplus	**Total**
	Retained Earnings	
Balance as at beginning of the period	**110.52**	**110.52**
Profit for the period	132.87	**132.87**
Other Comprehensive Income (net of tax)	**-**	**-**
Total Comprehensive Income for the period	**132.87**	**132.87**
Balance as at September 30, 2024	**243.39**	**243.39**
Balance as at July 28, 2023	**-**	**-**
Profit for the period	63.66	**63.66**
Other Comprehensive Income (net of tax)	**-**	**-**
Total Comprehensive Income for the period	**63.66**	**63.66**
Balance as at September 30, 2023	**63.66**	**63.66**

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

The accompanying notes 1 to 23 are an integral part of the Special Purpose Interim Financial Statements

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

Sd/-

Sanjay Vij
Partner
Membership Number: 095169
Place : Queenstown
Date : December 31, 2024

On Behalf of the Board of Directors

Sd/-

Anil Chadha
Director
(DIN: 08073567)
Place: Gurugram
Date: December 31, 2024

Sd/-

Supratim Dutta
Director
(DIN: 01804345)
Place: Kolkata
Date: December 31, 2024

Sd/-

Ashish Thakar
Chief Financial Officer
Place: Gurugram
Date: December 31, 2024

Sd/-

Diwaker Dinesh
Company Secretary
Place: Kolkata
Date: December 31, 2024

ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

Special Purpose Interim Financial Statements

Interim Statement of Cash Flows for the period ended September 30, 2024

(Rupees in Lakhs unless specified otherwise)

Sl. No.	Particulars	For the period ended September 30, 2024		For the period from July 28, 2023 to September 30, 2023	
A.	**Cash Flow from Operating Activities**				
	Profit Before Tax		177.56		85.07
	Adjustments to reconcile profit before tax to net cash flows :				
	Interest Income	(304.14)		(93.42)	
	Other Gains and Losses	(10.07)		-	
			(314.21)		(93.42)
	Operating loss before working capital changes		(136.65)		(8.35)
	Working capital adjustments :				
	Other financial liabilities	(190.07)		8.30	
	Other current liabilities	(5.50)		-	
	Other current assets	(6.46)		-	
			(202.03)		8.30
	Cash generated from / (used in) operations		(338.68)		(0.05)
	Income Tax Paid		(41.12)		-
	Net cash generated from / (used in) operating activities		(379.80)		(0.05)
B.	**Cash Flow from Investing Activities :**				
	Investment in bank deposits (original maturity more than 3 months)	(7,505.00)		(8,200.00)	
	Purchase of current investments	(4,119.00)		-	
	Sale of current investments	3,259.02		-	
	Interest Received	605.94		-	
	Redemption/maturity of bank deposits	8,150.00		-	
	Net cash generated from / (used in) investing activities		390.96		(8,200.00)
C.	**Cash Flow from Financing Activities :**				
	Proceeds from issue of share capital	-		8,300.00	
	Net Cash generated from/ (used in) Financing Activities		-		8,300.00
	Net Increase In Cash and cash equivalents		**11.16**		**99.95**
	Opening Cash and cash equivalents		**24.32**		-
	Closing Cash and cash equivalents		**35.48**		**99.95**

Note:

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

The accompanying notes 1 to 23 are an integral part of the Special Purpose Interim Financial Statements

As per report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

Sd/-

Sanjay Vij

Partner

Membership Number: 095169

Place : Queenstown

Date : December 31, 2024

On Behalf of the Board of Directors

Sd/-

Anil Chadha

Director

(DIN: 08073567)

Place: Gurugram

Date: December 31, 2024

Sd/-

Supratim Dutta

Director

(DIN: 01804345)

Place: Kolkata

Date: December 31, 2024

Sd/-

Ashish Thakar

Chief Financial Officer

Place: Gurugram

Date: December 31, 2024

Sd/-

Diwaker Dinesh

Company Secretary

Place: Kolkata

Date: December 31, 2024

1. **Corporate information**

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

2. **Material accounting policies**

(i) **Statement of Compliance**

The special purpose interim financial statements have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standard (Ind AS) 34 specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, for the use by the management for its inclusion in the information memorandum to be filed by the Company with the relevant stock exchanges for the proposed listing of equity shares of the Company in accordance with the Scheme of Arrangement amongst ITC Limited and the Company under Sections 230 to 232 read with the other applicable provisions of the Companies Act, 2013 (the Scheme).

(ii) **Basis of Preparation**

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

Since the Company has been incorporated on July 28, 2023, the comparatives given in the interim statement of profit and loss and interim cash flow statement is for the period July 28, 2023 to September 30, 2023

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

(iii) **Operating Cycle**

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

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

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

a) **Financial Assets**

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

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

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

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

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

(a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

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

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

b) **Financial Liabilities**

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

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

c) Offsetting Financial Instruments

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

(v) **Employee Benefits**

Short-term benefits

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

(vi) **Taxes**

Taxes on income comprises of current taxes and deferred taxes.

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

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

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

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

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

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

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

(vii) **Cash and cash equivalents**

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

For the purpose of the Special Purpose Interim Statement of Cash Flows, Cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3. Use of Estimates and Judgements

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

ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

Notes to Special Purpose Interim Financial Statements for the period ended September 30, 2024

(Rupees in Lakhs unless specified otherwise)

	As at September 30, 2024	As at March 31, 2024
4. Other financial assets		
Bank deposits with more than 12 months maturity	5.00	-
TOTAL	**5.00**	**-**

	As at September 30, 2024	As at March 31, 2024
5. Deferred tax assets (net)		
Deferred tax assets	43.61	47.52
Less: Deferred tax liabilities	1.47	-
TOTAL	**42.14**	**47.52**

Movement in deferred tax (liabilities) / assets balances

As at September 30, 2024	**As at April 1, 2024**	**Recognized in profit or loss**	**As at September 30, 2024**
Deferred tax assets in relation to:			
Other timing differences	47.52	-3.91	43.61
Total deferred tax assets	**47.52**	**-3.91**	**43.61**
Deferred tax liabilities in relation to:			
Other timing differences	-	**1.47**	**1.47**
Total deferred tax liabilities	**-**	**1.47**	**1.47**
Deferred tax assets (net)	**47.52**	**-5.38**	**42.14**

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

	As at September 30, 2024	As at March 31, 2024
6. Income tax assets (net)		
Advance income tax (net of provisions)	10.90	9.08
TOTAL	**10.90**	**9.08**

ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

Notes to Special Purpose Interim Financial Statements for the period ended September 30, 2024

(Rupees in Lakhs unless specified otherwise)

	As at September 30, 2024	As at March 31, 2024
7. Current investments		
Unquoted investment in mutual funds (Measured at fair value through profit or loss(FVTPL))		
- Axis Money Market Regular Growth	402.61	-
29788.734 units of Rs. 1000 each		
- Kotak Liquid Fund Regular Growth	56.17	-
1120.393 units of Rs. 1000 each		
- Kotak Money Market Regular Growth	402.60	-
9488.639 units of Rs. 1000 each		
- Nippon Liquid Fund Regular Growth	4.33	-
71.471 units of Rs. 1000 each		
- UTI Liquid Fund Regular Growth	4.34	-
106.623 units of Rs. 1000 each		
TOTAL	**870.05**	**-**

	As at September 30, 2024	As at March 31, 2024
8. Cash and cash equivalents [@]		
Balances with Banks		
Current account	35.48	24.32
TOTAL	**35.48**	**24.32**

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

	As at September 30, 2024	As at March 31, 2024
9. Other Bank Balances		
In deposit accounts *	7,500.00	8,150.00
TOTAL	**7,500.00**	**8,150.00**

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

	As at September 30, 2024	As at March 31, 2024
10. Other financial assets		
Unsecured		
a) Interest accrued on deposits with bank	71.23	373.02
TOTAL	**71.23**	**373.02**

	As at September 30, 2024	As at March 31, 2024
11. Other current assets		
Balances with statutory authorities	40.44	33.99
TOTAL	**40.44**	**33.99**

(Rupees in Lakhs unless specified otherwise)

	As at September 30, 2024 (No. of Shares)	As at September 30, 2024	As at March 31, 2024 (No. of Shares)	As at March 31, 2024
12. Equity share capital				
a. Authorised share capital				
Equity Shares of ₹ 1.00 each	2,50,00,00,000	25,000.00	2,50,00,00,000	25,000.00
b. Issued, Subscribed and fully paid-up equity shares				
Equity Shares of ₹ 1.00 each issued, subscribed and fully paid	83,00,00,000	8,300.00	83,00,00,000	8,300.00

A) Reconciliation of the equity shares outstanding

	September 30, 2024 (No. of Shares)	September 30, 2024	March 31, 2024 (No. of Shares)	March 31, 2024
As at beginning of the period	83,00,00,000	8,300.00	-	-
Add: Issued during the period	-	-	83,00,00,000	8,300.00
As at end of the period	**83,00,00,000**	**8,300.00**	**83,00,00,000**	**8,300.00**

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

	As at September 30, 2024 (No. of Shares)	As at September 30, 2024 (% holding)	As at March 31, 2024 (No. of Shares)	As at March 31, 2024 (% holding)
ITC Limited, the Holding Company, jointly with its nominees	83,00,00,000	100%	83,00,00,000	100%

C) Shares held by holding company and its nominees

	As at September 30, 2024 (No. of Shares)	As at September 30, 2024	As at March 31, 2024 (No. of Shares)	As at March 31, 2024
ITC Limited, the Holding Company	82,99,99,994	8,300.00	82,99,99,994	8,300.00
ITC Limited, the Holding Company jointly with its nominees	6	0.00	6	0.00

D) Shareholding of promoters

Particulars	Promoter Name	As at September 30, 2024				
		No. of shares as at beginning of the period	Change during the year	No. of shares as at end of the period	% of Total Shares	% change during the period
Equity Shares of ₹ 1.00 each, fully paid	ITC Limited	83,00,00,000	-	83,00,00,000	100%	100%
Total		**83,00,00,000**	**-**	**83,00,00,000**	**100%**	100%

Particulars	Promoter Name	As at March 31, 2024				
		No. of shares as at beginning of the period	Change during the year	No. of shares as at end of the period	% of Total Shares	% change during the period
Equity Shares of ₹ 1.00 each, fully paid	ITC Limited		83,00,00,000	83,00,00,000	100%	100%
Total		**-**	**83,00,00,000**	**83,00,00,000**	**100%**	100%

E) Equity Shares allotted as fully paid pursuant to contract(s) without payment being received in cash or as fully paid up Bonus Shares during the period of five years immediately preceding 30th September : Nil

F) Rights, preferences and restrictions attached to the Equity Shares
The equity shares of company, having par value of ₹ 1.00 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

Notes to Special Purpose Interim Financial Statements for the period ended September 30, 2024

(Rupees in Lakhs unless specified otherwise)

	As at September 30, 2024	As at March 31, 2024
13. Other financial liabilities - current		
Others (liability for expenses, payable to holding company)*	30.94	221.01
TOTAL	**30.94**	**221.01**

**Refer Note 21*

	As at September 30, 2024	As at March 31, 2024
14. Other current liabilities		
Statutory liabilities	0.91	6.41
TOTAL	**0.91**	**6.41**

ITC HOTELS LIMITED

(CIN: U55101WB2023PLC263914)

Notes to Special Purpose Interim Financial Statements for the period ended September 30, 2024

(Rupees in Lakhs unless specified otherwise)

	For the period ended September 30, 2024	For the period from July 28, 2023 to September 30, 2023
15. Other income		
Interest income	304.14	93.42
Other Gains and Losses	10.07	-
TOTAL	**314.21**	**93.42**

Interest income comprises interest from:		
Deposits with banks - carried at amortised cost	304.14	93.42
Other Gains and Losses includes		
Net Gain / (Loss) arising on financial assets designated at FVTPL*	10.07	-
TOTAL	**314.21**	**93.42**

*Includes Rs. 4.24 Lakhs being net gain / (loss) on sale of investments.

	For the period ended September 30, 2024	For the period from July 28, 2023 to September 30, 2023
16. Employee benefits expense		
Remuneration of managers on depution reimbursed	80.30	8.30
TOTAL	**80.30**	**8.30**

	For the period ended September 30, 2024	For the period from July 28, 2023 to September 30, 2023
17. Other Expenses		
Information Technology Services	28.08	-
Consultancy / Professional Fees	7.75	-
Printing and Stationery	0.18	-
Rates and taxes	20.00	-
Miscellaneous expenses	0.34	0.05
TOTAL	**56.35**	**0.05**

Notes to Special Purpose Interim Financial Statements for the period ended September 30, 2024
(Rupees in Lakhs unless specified otherwise)

	For the period ended September 30, 2024	For the period from July 28, 2023 to September 30, 2023
18. Income tax expenses		
A. Amount recognised in profit or loss		
Current tax		
Income tax for the period	39.31	21.41
Total current tax	**39.31**	**21.41**
Deferred tax		
Deferred tax for the period	5.38	-
Total deferred tax	**5.38**	**-**
Total tax expenses	**44.69**	**21.41**

B. Reconciliation of effective tax rate		
The income tax expense for the period can be reconciled to the accounting profit as follows:		
Profit before tax	177.56	85.07
Income tax expense calculated at 25.168%	44.69	21.41
Income tax recognised in profit or loss	**44.69**	**21.41**

The tax rate of 25.168% (22% + surcharge @10% and cess @4%) used for the year 2024-25 is the corporate tax rate applicable on taxable profits under the Income-tax Act, 1961.

	For the period ended September 30, 2024	For the period from July 28, 2023 to September 30, 2023
19. Earnings per share:		
Earnings per share has been computed as under:		
(a) Profit for the period (₹ in Lakhs)	132.87	63.66
(b) Weighted average number of Equity shares outstanding for the purpose of basic earnings per share	83,00,00,000	70,23,07,692
(c) Effect of potential Equity shares on Employee Stock Options outstanding	-	-
(d) Weighted average number of Equity shares in computing diluted earnings per share [(b) + (c)]	83,00,00,000	70,23,07,692
(e) Earnings per share on profit for the period		
(Face Value ₹ 1.00 per share)		
– Basic [(a) / (b)] (in ₹)	0.02	0.01
– Diluted [(a) / (d)] (in ₹)	0.02	0.01

20. Financial Ratios

Ratio	Numerator	Denominator	September 30, 2024	March 31, 2024
Current Ratio (in times)*	Current assets	Current liabilities	267.45	37.73
Return on Equity (in %)	Profit for the period	Shareholders' Equity	1.56%	1.31%

*Improvement mainly on account of payout of current liabilities during the period.

The following financials ratios are not applicable to the Company
Trade Receivable Turnover Ratio
Trade Payable Turnover Ratio
Net Capital Turnover Ratio
Net Profit ratio
Return on Capital Employed
Return on investment
Debt Service Coverage ratio
Debt - Equity ratio
Inventory Turnover Ratio

21. Related Party Disclosures

A. Names of related parties and description of relationship:

(a) Holding Company	ITC Limited
(b) Key Management Personnel	Mr. Rajesh Poddar - Non-Executive Director (upto April 24, 2024)
	Mr. Mayur Dogra - Non-Executive Director (upto April 24, 2024)
	Ms. Ushasi Das - Non-Executive Director (upto April 24, 2024)
	Mr. Karthik Bhanu - Non-Executive Director (upto April 24, 2024)
	Mr. Sanjiv Puri - Non-Executive Director (w.e.f. April 24, 2024)
	Mr. Supratim Dutta - Non-Executive Director (w.e.f. April 24, 2024)
	Mr. Anil Chadha - Non-Executive Director (w.e.f. April 24, 2024)
	Mr. Rajendra Kumar Singhi - Non-Executive Director (w.e.f. April 24, 2024)
	Mr. Prathivadibhayankara Rajagopalan Ramesh - Non-Executive Director (w.e.f. April 30, 2024)
	Mr. Chandan Saboo - Chief Financial Officer
	Mr. Diwaker Dinesh - Company Secretary & Manager

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

	For the period ended September 30, 2024	For the period from July 28, 2023 to March 31, 2024
(a) Holding Company		
Issue of equity share	-	8,300.00
Remuneration of managers on deputation reimbursed#	82.59	63.05
Reimbursement of Expenses incurred on behalf of the company (rates and taxes)	-	222.81
(b) Key Managerial Person		
Directors' Sitting Fees	0.50	-

Out of the above, ₹ 44.85 Lakhs (LY - ₹ 34.44 lakhs) is attributable to the Manager & Company Secretary of the Company and ₹ 37.74 lakhs (LY - ₹ 25.84 lakhs) is attributable to the Chief Financial Officer of the Company.

C. Disclosure of outstanding balances:

	As at September 30, 2024	As at March 31, 2024
Others financial liabilities - ITC Limited (unsecured)	16.28	204.09

(Rupees in Lakhs unless specified otherwise)

22. Financial instruments and related disclosures

a. Capital Management

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

b. Categories of Financial Instrument

	As at September 30, 2024		As at March 31, 2024	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
A. Financial Assets				
Measured at fair value through profit and loss				
Investments	870.05	870.05	-	-
Measured at amortised cost				
Cash and cash equivalents	35.48	35.48	24.32	24.32
Other Bank Balances	7,505.00	7,505.00	8,150.00	8,150.00
Other financial assets	71.23	71.23	373.03	373.03
B. Financial Liabilities				
Measured at amortised cost				
Other financial liabilities	30.94	30.94	221.01	221.01

c. Financial Risk Management Objectives

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

i) Market risk

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

ii) Interest rate risk

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

iii) Foreign currency risk

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

iv) Liquidity risk

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

	As at September 30, 2024	As at March 31, 2024
	Other Financial Liabilities	**Other Financial Liabilities**
Carrying Value	30.94	221.01
Less than 3 months	30.94	221.01
More than 3 months up to 6 months	-	-
More than 6 months up to 1 year	-	-
More than 1 year	-	-
Total	30.94	221.01

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

(v) Credit risk

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

(Rupees in Lakhs unless specified otherwise)

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

There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days during the period and also as at September 30, 2024. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company

Particulars	As at September 30, 2024	As at March 31, 2024
i. the principal amount remaining unpaid to any supplier as at the end of accounting year(Trade payable and payable to creditors for capital expenditure);	-	-
ii. Interest due thereon remaining unpaid to any supplier as at the end of the accounting year;	-	-
iii. the amount of interest paid by the buyer in terms of Section 16 of MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during accounting year;	-	-
iv. the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	-
v. the amount of interest accrued during the year and remaining unpaid at the end of the accounting year and,	-	-
vi. the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act, 2006.	-	-

(ii) Segment Reporting

The Company is yet to start commercial operations as on September 30, 2024, hence, there is no reportable business segment as per Indian Accounting Standard - IndAS 108 "Segment Reporting".

(iii) The Company does not have any contingent liabilities as at September 30, 2024 (LY - Nil).

(iv) Corporate social responsibility (CSR)

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

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

The National Company Law Tribunal, Kolkata Bench, vide its Order dated 4th October 2024, has sanctioned the Scheme. Certified copy of the said order was received by the Company on 16th December, 2024. The Company and ITC Limited have mutually acknowledged that all the conditions specified in Clause 28 of the Scheme have been fulfilled and satisfied, including filing of the aforesaid Order with the Registrar of Companies, West Bengal. The Appointed Date and the Effective Date of the Scheme shall be 1st January, 2025. The Scheme shall be effective from the Appointed Date and shall be operative from the Effective Date. Accordingly, no accounting effect in respect of the Scheme has been given in these financial statements.

(vi) The financial statements of the company were approved for issue by the Board of Directors on December 31, 2024.

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

Sd/-

Sanjay Vij
Partner
Membership Number: 095169
Place : Queenstown
Date : December 31, 2024

On Behalf of the Board of Directors

Sd/-

Anil Chadha
Director
(DIN: 08073567)
Place: Gurugram
Date: December 31, 2024

Sd/-

Supratim Dutta
Director
(DIN: 01804345)
Place: Kolkata
Date: December 31, 2024

Sd/-

Ashish Thakar
Chief Financial Officer
Place: Gurugram
Date: December 31, 2024

Sd/-

Diwaker Dinesh
Company Secretary
Place: Kolkata
Date: December 31, 2024

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalization as at September 30, 2024. This table should be read in conjunction with sections "*Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", on pages 213 and 265, respectively.

(in ₹ crores, except ratios)

Particulars	As on September 30, 2024
Borrowings	
Current borrowings **(I)**	-
Non- current borrowings (including current maturity of long term debt) **(II)**	-
Total Borrowings (I) + (II) = (A)	-
Equity	
Equity share capital	83.00
Share capital pending allotment	-
Instrument entirely equity in nature	-
Other equity	2.43
Total Equity (B)	85.43
Capitalisation **(A) + (B)**	85.43
Non-current borrowings (including current maturity of long term debt)/ equity ratio (II/B)	-
Total borrowings/equity ratio (A/B)	-

OTHER FINANCIAL INFORMATION

Accounting ratios

The details of accounting ratios derived from Audited Financial Statements required to be disclosed under the SEBI ICDR Regulations are set forth below:

(in ₹ crores, except otherwise stated)

Particulars	For 6 months period ended September 30, 2024	For the period from July 28, 2023 to March 31, 2024
Basic Earnings / (loss) per Equity Share (in ₹)	0.02	0.01
Diluted Earnings / (loss) per Equity Share (in ₹)	0.02	0.01
Return on net worth (in %)	1.56 %	1.31 %
Net asset value per Equity Share (in ₹)	1.03	1.01
Weighted average number of equity shares outstanding during the period/ year	83,00,00,000	79,65,32,258
EBITDA	1.78	1.48

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is intended to convey management's perspective on the financial condition of our Company and the Hotels Business and the corresponding results of operations for the six months period ended September 30, 2024, and the Financial Year ended March 31, 2024. You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the sections entitled "Financial Information" and "Information Memorandum Summary - Financial Information" on pages 213 and 17, respectively. This discussion contains forward-looking statements and reflects our current views with respect to future events and our financial performance and involves numerous risks and uncertainties, including, but not limited to, those described in the section entitled "Risk Factors" on page 21.

Actual results could differ materially from those contained in any forward-looking statements and for further details regarding forward-looking statements, please refer to the section "Forward-Looking Statements" on page 14. Unless otherwise stated or unless the context otherwise requires, the financial information of our Company used in this section has been derived from the Audited Financial Statements. Unless noted otherwise, some of the industry related information in this section is obtained or extracted from the Industry Reports (which are paid reports and were commissioned by us solely in connection with the Information Memorandum).

Our Financial Year ends on March 31 of each year. Accordingly, unless otherwise stated, all references to a particular Financial Year are to the 12-month period ended March 31 of that year.

Overview of the Company

Our Company was incorporated as a public limited company under the Companies Act, 2013 with the name 'ITC Hotels Limited' and a certificate of incorporation dated July 28, 2023 was issued by the Registrar of Companies.

Prior to the Scheme becoming effective, our Company was a wholly owned subsidiary of ITC Limited. The main object of our Company is to carry on the business as hoteliers. Pursuant to the Scheme becoming effective, the Hotels Business of ITC Limited has been demerged and vested into our Company with effect from January 1, 2025.

Established in 1975, with the first premium hotel launched in Chennai, our Hotels Business today represents one of India's pre-eminent hospitality chains, embodying the essence of Indian hospitality and sustainability. We are engaged in the business of owning, operating, managing and franchising hotels and resorts and are focused towards enabling authentic indigenous experiences which are in harmony with the environment and society for our guests. Our current footprint encompasses over 140 hotels across over 90 destinations comprising about 13,000 keys. ITC Hotels is also renowned for its culinary excellence, with several award-winning brands and iconic food and beverage cuisines, revolving around indigenous ingredients and signature dining experiences. ITC Hotels is a global exemplar in sustainable hospitality, embodying the ethos of '***Responsible Luxury***' by seamlessly integrating opulence with environmental and social responsibility.

Significant Developments after September 30, 2024

As otherwise disclosed in this Information Memorandum, there is no subsequent development after the date of our Audited Financial Statements contained in this Information Memorandum which materially and adversely affects, or is likely to affect, our operations or profitability, or the value of our assets, or our ability to pay our material liabilities within the next 12 months, except as disclosed below:

- The NCLT, Kolkata bench, vide its order dated October 4, 2024 approved the Scheme.
- Our Board of Directors was reconstituted and KMPs were appointed.

Significant Factors Affecting Our Results of Operations

Our results of operations have been, and will be, affected by many factors, some of which are beyond our control. Key factors affecting our results are discussed in the section "*Risk Factors*" beginning on page 21.

Our Material Accounting Policies

The material accounting policies followed by us in the preparation of our Special Purpose Interim Financial Statements for the period ended September 30, 2024 form part of the Notes provided on page 248.

Pursuant to the demerger, our Company will be engaged in the hotels and hospitality business and the following material accounting policies will be applicable, going forward:

1. Basis of preparation

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

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

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, our Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 – Share-based Payment, leasing transactions that are within the scope of Ind AS 116 – Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 – Inventories, or value in use in Ind AS 36 – Impairment of Assets.

The preparation of financial statements in conformity with Ind AS requires our management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

2. Operating Cycle

All assets and liabilities have been classified as current or non-current as per our Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements, based on the nature of the business of our Company. Our company has identified twelve months as its operating cycle.

3. Property, Plant and Equipment

Property, plant and equipment ("**PP&E**") are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits.

An item of PP&E is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of PP&E is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of PP&E are depreciated in a manner that amortizes the cost (or other amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Land is not depreciated.

The estimated useful lives of PP&E of our Company are as follows:

Particulars	Estimated useful life
Buildings	60 Years
Leasehold Improvements	Shorter of lease period or estimated useful lives
Plant and Equipment	3-22 Years
Furniture and Fixtures	8-10 Years
Vehicles	8 Years
Office Equipment	5 Years

PP&E's residual values, useful lives and method of depreciation are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate.

4. Intangible Assets

Intangible Assets that our Company controls and from which it expects future economic benefits are capitalised upon acquisition and measured initially:

a. for assets acquired in a business combination, at fair value on the date of acquisition
b. for separately acquired assets, at cost comprising the purchase price (including import duties and non-refundable taxes) and directly attributable costs to prepare the asset for its intended use.

Internally generated brands, websites and customer lists are not recognised as intangible assets.

The useful life of an intangible asset is considered finite where the rights to such assets are limited to a specified period of time by contract or law or the likelihood of technical, technological obsolescence or commercial obsolescence. Intangible assets that have finite lives are amortized over their estimated useful lives by the straight line method from the date that they are available for use unless it is practical to reliably determine the pattern of benefits arising from the asset.

The useful lives of intangible assets are reviewed annually to determine if a reset of such useful life is required for assets with finite lives. The impact of such changes is accounted for as a change in accounting estimate. Amortization expenses, impairment losses and reversal of impairment losses, where applicable, are taken to the Statement of Profit and Loss. Thus, after initial recognition, an intangible asset is carried at its cost less accumulated amortization and / or impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the Statement of Profit and Loss when the asset is derecognised.

5. Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets or cash generating units exceed their recoverable amount.

Recoverable amount is higher of an asset's fair value less costs of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortization or depreciation) had no impairment loss been recognised in previous years.

6. Inventories

Inventories are stated at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to their present location and condition. Net realisable value is the estimated selling price less estimated costs for completion and sale.

7. Foreign Currency Transactions and Derivatives

The functional and presentation currency of our Company is Indian Rupee (₹). Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Gains/ losses arising on settlement as also on translation of monetary items are recognised in the Statement of Profit and Loss.

Exchange differences arising on monetary items that, in substance, form part of our Company's net investment in a foreign operation (having a functional currency other than Indian Rupee) are recognised in other comprehensive income and accumulated in Foreign Currency Translation Reserve.

Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains/ losses are recognised in Statement of Profit and Loss immediately.

8. Investment in Subsidiaries, Associates and Joint Ventures

Investment in our Subsidiaries, Associates and Joint Ventures are carried at cost less accumulated impairment, if any.

9. Financial instruments, Financial assets, Financial liabilities and Equity Instruments

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

A. Financial Assets

- Recognition: Financial assets include Investments, Trade Receivables, Advances, Security Deposits, Cash and Cash equivalents. Such assets are initially recognised at fair value or transaction price, as applicable, when our Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

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

Financial assets are classified as those measured at:

(a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest.

(b) fair value through other comprehensive income ("**FVTOCI**"), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

(c) fair value through profit or loss ("**FVTPL**"), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with Unrealised gains and losses arising from changes in the fair value, including interest income and dividend income, if any, are recognised in the Statement of Profit and Loss in the period in which they arise.

Trade Receivables, Advances, Security Deposits, Cash and Cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.
Impairment: Our Company assesses at each reporting date whether a financial asset, or a group of financial assets, such as investments, trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Reclassification: When and only when the business model is changed, our Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

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

(a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

(b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment, in which case the cumulative fair value adjustments previously taken to reserves are reclassified within equity.

Income Recognition**:** Interest income is recognised in the Statement of Profit and Loss using the effective interest method. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

B. Financial Liabilities

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

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

C. Offsetting Financial Instruments

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

D. Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

10. Revenue

Revenue is measured at the transaction price that our Company receives or expects to receive as consideration for goods supplied and services rendered, net of returns and estimates of variable consideration such as discounts, schemes and loyalty programmes offered to customers. Revenue excludes taxes such as VAT and Goods and Services Tax ("**GST**") which are payable in respect of sale of goods and services.

Revenue from the sale of goods and services is recognised when our Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery and in case of services, in the period in which such services are rendered.
The loyalty programmes offered to eligible customers entitle them to points based on their spending at the hotels. The points so earned by such customers are accumulated. The revenues attributable to earned loyalty points is deferred and a contract liability is created at the time of initial sales basis the points awarded to the customer and the likelihood of redemption, as evidenced by our Company's historical experience. On redemption/ expiry of such loyalty points, revenue is recognised at pre-determined rates.

11. Dividend Distribution

Dividends paid (including income tax thereon, if any) are recognised in the period in which the interim dividends are approved by our Board of Directors, or in respect of the final dividend when approved by shareholders.

12. Employee Benefits

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

Our Company makes contributions to both defined benefit and defined contribution schemes.

Contributions to Provident Fund, Defined Contribution Pension Plan and National Pension System are in the nature of defined contribution schemes. The contribution payable is recognised as an expense, when an employee renders the related service. The contributions in respect of provident fund are statutorily deposited with the Government of India.

Our Company also makes contribution to defined benefit pension and gratuity plan. The cost of providing benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of remeasurements are recognised immediately through other comprehensive income in the period in which they occur.

The employees of our Company are entitled to compensated leave for which our Company records the liability based on actuarial valuation computed using projected unit credit method. These benefits are unfunded.

13. Employee Share Based Compensation Stock Options

Stock Options are granted under the ITC Hotels Special Purpose Employee Stock Option Scheme ("**ITCHL SPESOS**"), in terms of the 'Scheme of Arrangement between ITC Limited and ITC Hotels Limited, and their respective shareholders and creditors' (the "**Scheme"**). Eligible employees for this purpose primarily include employees of ITC Limited (ITC) or the Company, as determined in the Scheme.

Under Ind AS, the cost of ITCHL Stock Options ("**Stock Options"**) is recognised based on the fair value of Stock Options as on the grant date.

The fair value of Stock Options granted is recognised in the Statement of Profit and Loss over the period in which the performance and / or service conditions are fulfilled for employees of our Company (other than those out on deputation). The value of Stock Options, net of reimbursements, granted to employees on deputation and to employees of the wholly owned and other subsidiary companies is considered as capital contribution/ investment.

Our Company generally seeks reimbursement of the value of Stock Options from such companies and ITC Limited, as applicable.

14. Leases

Our Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A. Company as a Lessee

Right-of-Use ("**ROU**") assets are recognised at inception of a contract or arrangement for significant lease components at cost less lease incentives, if any. ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses, if any. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct cost incurred and lease payments made at or before the lease commencement date. ROU assets are generally depreciated over the shorter of the lease term and estimated useful lives of the underlying assets on a straight line basis. Lease term is determined based on consideration of facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Lease payments associated with short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and low value leases (i.e., where the value of the underlying asset, when new, in order of magnitude ₹ 5 lakhs or less) are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

Our Company recognises lease liabilities measured at the present value of lease payments to be made on the date of recognition of the lease. Such lease liabilities do not include variable lease payments (that do not depend on an index or a rate), which are recognised as expense in the periods in which they are incurred. Interest on lease liability is recognised using the effective interest method. Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is also remeasured upon modification of lease arrangement or upon change in the assessment of the lease term. The effect of such remeasurements is adjusted to the value of the ROU assets.

B. Company as a Lessor

Leases in which our Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where our Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment or investment property and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the term of the lease.

15. Taxes on Income

Taxes on income comprise current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

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

Deferred tax assets are recognised for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

Income tax, insofar as it relates to items disclosed under other comprehensive income or equity, is disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

16. Claims

Claims against our Company not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

17. Provisions

Provisions are recognised when, as a result of a past event, our Company has a legal or constructive obligation. It is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

Financial Performance of our Company

The following sets forth information with respect to the key components of our Audited Financial Statements of our Company for the six months period ended September 30, 2024 and for the period between July 28, 2023 to Mar 31, 2024.

A. Our Income

Particulars (in ₹ cr.)	**Six months period ended September 30, 2024**	**For period from July 28, 2023 to March 31, 2024**
Revenue from operations	-	-
Other income	3.1	4.2
Total	**3.1**	**4.2**

Other income comprises of (i) interest income and (ii) other gains and losses.

B. Our Expenses

Particulars (in ₹ cr.)	**Six months period ended September 30, 2024**	**For period from July 28, 2023 to March 31, 2024**
Employee benefits expense	0.8	0.8
Other expenses	0.6	1.9
Total	**1.4**	**2.7**

Employee benefits expense comprises of reimbursements to ITC Limited towards remuneration of managers deputed to our Company. Other expenses comprises of information technology services, consultancy or professional fees, postage, telephone, printing, stationery and miscellaneous expenses.

C. Our Tax Expenses

Particulars (in ₹ cr.)	**Six months period ended September 30, 2024**	**For period from July 28, 2023 to March 31, 2024**
Current tax	0.4	0.9
Deferred tax	0.1	(0.5)
Total	**0.5**	**0.4**

Current tax is the amount of tax payable based on the taxable profit for the year / period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961. Deferred tax is recognized based on the difference between taxable profit and book profit due to the effect of timing differences. Our deferred tax is measured based on the applicable tax rates and tax laws that have been enacted or substantively enacted by the relevant balance sheet date.

D. Profit before Tax

Our Company earned a profit before tax of ₹ 1.8 crores for the six months period ended September 30, 2024 and ₹ 1.5 crores for the period from July 28, 2023 to March 31, 2024.

<u>Financial Performance of Hotels Business</u>

The Hotels Business of ITC has been demerged and vested into our Company with effect from January 1, 2025. This section provides the key performance highlights of the Hotels Business based on the Pro Forma Financials for FY24 and for the six months period ended September 30, 2024, without considering the financials of ITC Grand Central, Mumbai (not transferred to ITC Hotels, and operated and managed by our Company under an Operating Services Agreement).

A. Key components of the Pro Forma Financials of the Hotels Business

The Pro Forma Financials comprise the Hotels Business (on a consolidated basis), as demerged, and interest in associates and joint venture(s) prepared in accordance with Ind AS. The financial position of the subsidiaries has been consolidated on a line-by-line basis and joint venture(s) and associates have been consolidated by applying equity method of accounting.

a) Income

For the six months period ended September 30, 2024 and September 30, 2023:

Particulars (in ₹ cr.)	**Six months period ended September 30, 2024**	**Six months period ended September 30, 2023**	**% change**
Revenue from operations	1,471	1,278	15%
Other income	17	26	-33%
Total income	**1,488**	**1,304**	**14%**
Average Room Rate (₹)	10,500	10,500	0%
Occupancy %	67%	63%	-

(i) Hotels Business recorded robust performance on a high base despite extreme heatwave and elections impacting domestic travel & out-of-home dining in H1 FY25.

(ii) Revenue from operations increased by 15% during H1 FY25. Room Revenue witnessed robust growth across all business segments, i.e. retail, contracted and wedding segment in existing hotels. F&B Revenue registered strong growth in banquets, food takeaway and restaurants.

(iii) Growth in Revenue was also supported by the launch of ITC Ratnadipa, Colombo and relaunch of Welcomhotel Chennai. In line with the 'asset-right' strategy, 9 managed/ franchised properties were operationalised and new contracts for 15 properties were signed-up during the first half of the year. Strategic investments towards renovations and refurbishments were undertaken in line with the commitment to deliver exceptional quality and guest experience across properties.

(iv) Other income of six months period ended September 30, 2023 comprises foreign exchange translation gain of about ₹ 14 crores in WelcomHotels Lanka (Private) Limited ("**WLPL**"). Further, other income of H1 FY25 comprises higher interest income of about ₹ 3 crores.

For the year ended March 31, 2024 and March 31, 2023:

Particulars (in ₹ cr.)	March 31, 2024	March 31, 2023	% change
Revenue from operations	3,034	2,629	15%
Other income	35	24	43%
Total income	**3,069**	**2,653**	**16%**
Average Room Rate (₹)	12,000	10,000	20%
Occupancy %	69%	69%	-

(i) Hotels Business delivered stellar performance during the year driven by strong growth in RevPAR across customer segments (Retail, Contracted, MICE, etc.) as well as leveraging marquee events hosted in the country.

(ii) Room Revenue increased primarily driven by increase in ARRs to ₹ 12,000 (about 20% over last year). Robust performance witnessed across all segments like retail, contracted, MICE and crew. ITC Maurya also had the honour of hosting the President of the United States of America and the entire US delegation to the G20 Summit. Further, timely renovations and refurbishments aided in leveraging high season opportunities across multiple locations and properties.

(iii) F&B Revenue increased during FY24 led by growth in banquets, G20 catering revenue, takeaway and restaurants. ITC Hotels was honoured to have exclusively curated and served from the best of India's culinary heritage at the prestigious G20 summit held in New Delhi.

(iv) Other income of FY24 was higher than previous year primarily due to increase in interest income during the year.

b) Expenses

(i) Employee Benefit Expenses (excluding payment to contractors)

For the six months period ended September 30, 2024 and September 30, 2023:

Particulars (in ₹ cr.)	Six months period ended September 30, 2024	Six months period ended September 30, 2023	% change
Employee benefit expenses	323	271	19%
% of Revenue from operations	22.0%	21.2%	

Employee benefit expenses increased by 19% during H1 FY25 primarily on account of opening of ITC Ratnadipa, Colombo during the period and relaunch of Welcomhotel Chennai in Q4 last year, besides increase in business activity at existing hotels—which registered an increase in Occupancy by 400 bps.
For the year ended March 31, 2024 and March 31, 2023:

Particulars (in ₹ cr.)	March 31, 2024	March 31, 2023	% change
Employee benefit expenses	586	541	8%
% of Revenue from operations	19.3%	20.6%	

Employee benefit expenses increased by 8% in FY24 commensurate with increase in business activity (reduced 130 bps as a % of Revenue). Increase is also on account of increments and promotions during the year.

(ii) Cost of goods sold

For the six months period ended September 30, 2024 and September 30, 2023:

Particulars (in ₹ cr.)	Six months period ended September 30, 2024	Six months period ended September 30, 2023	% change
Cost of goods sold	164	130	27%

Raw Material cost increased in H1 FY25 primarily on account of launch of ITC Ratnadipa, Colombo and relaunch of Welcomhotel Chennai, besides increase in covers at existing food and beverage outlets.

For the year ended March 31, 2024 and March 31, 2023:

Particulars (in ₹ cr.)	March 31, 2024	March 31, 2023	% change
Cost of goods sold	296	265	12%

Raw Material cost marginally increased along with increase in food and beverage Revenue on account of catering for the G20 Summit and increase in covers at existing food and beverage outlets.

(iii) Depreciation and Amortisation Expenses

For the six months period ended September 30, 2024 and September 30, 2023:

Particulars (in ₹ cr.)	Six months period ended September 30, 2024	Six months period ended September 30, 2023	% change
Depreciation and amortisation expenses	200	147	36%

Depreciation and amortisation expenses increased by ₹ 53 crores in H1 FY25 primarily on account of launch of ITC Ratnadipa, Colombo.

For the year ended March 31, 2024 and March 31, 2023:

Particulars (in ₹ cr.)	March 31, 2024	March 31, 2023	% change
Depreciation and amortisation expenses	298	292	2%

Depreciation and amortisation expenses increased by ₹ 6 crores in FY24 due to additions in PP&E on completion of renovations, including in Welcomhotel Chennai and ITC Grand Goa.

(iv) Other expenses

For the six months period ended September 30, 2024 and September 30, 2023:

Particulars (in ₹ cr.)	Six months period ended September 30, 2024	Six months period ended September 30, 2023	% change
Other expenses	571	490	17%

Other expenses include key variable expenses such as power and fuel, sales & marketing, consumption of stores & spares, contract services etc. Other expenses increased by 17% in H1 FY25 primarily due to the launch of ITC Ratnadipa, Colombo and increase in sales & marketing expenses for new promotions and events undertaken during the year.

For the year ended March 31, 2024 and March 31, 2023:

Particulars (in ₹ cr.)	March 31, 2024	March 31, 2023	% change
Other expenses	1,148	1,015	13%

Other expenses increased by 13% in FY24 primarily due to increase in sales & marketing expenses towards search engine marketing, designing, brand promotion, website and app upgradation.

c) Operating profit ("**EBITDA**") and Profit Before Tax

For the six months period ended September 30, 2024 and September 30, 2023:

Particulars (in ₹ cr.)	Six months period ended September 30, 2024	Six months period ended September 30, 2023	% change
Operating Profit (EBITDA)	413	387	7%

Particulars (in ₹ cr.)	Six months period ended September 30, 2024	Six months period ended September 30, 2023	% change
Profit before tax	235	270	-13%

EBITDA for H1 FY25 stood at ₹ 413 crores representing a growth of 7%. Profit Before Tax stood at ₹ 235 crores representing a decrease of 13% from same period last year primarily due to increase in depreciation with the launch of ITC Ratnadipa, Colombo. The financials for the period include the impact of gestation costs of ITC Ratnadipa, Colombo which was operationalized in April'24.

For the year ended March 31, 2024 and March 31, 2023:

Particulars (in ₹ cr.)	March 31, 2024	March 31, 2023	% change
Operating Profit (EBITDA)	1004	808	24%

Particulars (in ₹ cr.)	March 31, 2024	March 31, 2023	% change
Profit before tax	747	549	36%

EBITDA for FY24 stood at ₹ 1,004 crores representing a growth of 24%. Profit Before Tax stood at ₹ 747 crores representing an increase of 36% from last year. Growth in profits was largely driven by a significant improvement in ARRs and consequent increase in revenue from operations, combined with operating efficiency and optimisation of costs during the year.

d) Contingent Liabilities

Except as described in "Outstanding Litigation and Other Material Developments" on page 278, there are no Contingent Liabilities to our knowledge that have in the past or may in the future affect our business operations or financial performance.

Unusual or Infrequent Events or Transactions

Except as described in "*Risk Factors*" on page 21 and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 265, there have been no events or transactions to our knowledge that have in the past or may in the future affect our business operations or financial performance which may be described as "unusual" or "infrequent".

Significant Economic Changes

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect income from continuing operations. See "*Risk Factors*" on page 21.

Known Trends or Uncertainties

Our business has been subject, and we expect it to continue to be subject, to significant changes arising from the trends identified and the uncertainties described in "*Risk Factors*" beginning on pages 21. Except as disclosed in this Information Memorandum, there are no known trends or uncertainties that have or had or are expected to have a material adverse effect on our revenue or income from continuing operations.

Future Relationships Between Expenditure and Income

Other than as described in "*Risk Factors*" on page 21, "*Our Business*" on page 149 and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 265, to our knowledge there are no known factors which we expect will have a material adverse impact on our business operations, financial performance and growth prospects.

New Product or Business Segments

Other than as described in "*Our Business*" on page 149 there are no new products or business segments in which we operate.

Supplier or Customer Concentration

We do not have any material dependence on a single or few suppliers. We have a wide customer base and do not have any material dependence on any particular customer.

Related Party Transactions

The details of the related party transactions have been provided in "*Financial Information*" on page 213.

Seasonality

The hospitality industry in India is subject to seasonal variations. The periods during which the hotels in our portfolio experience higher revenues vary from property to property, depending principally upon location, weather and guest profile. Our revenues are generally higher during the second half of each Financial Year. Seasonality affects leisure travel, including weddings, inbound foreign leisure travel, etc., such that demand is relatively stronger during the October to March period. However, business travel and MICE are generally more consistent throughout the year. Seasonality can be expected to cause quarterly fluctuations in our revenues, profitability and margins. Consequently, performance including trends (as against the same period last year) witnessed in six months period ended September 30, 2024 is not comparable to the performance or trends witnessed in FY 2024 (as against the FY 2023).

See also "*Risk Factors - Our business is subject to macroeconomic conditions, seasonal and cyclical volatility and variations which could result in fluctuations in our results of operations and financial condition.*" above on page 27.

Competitive Conditions

We expect competitive conditions in our industry to further intensify as new entrants emerge and as existing competitors seek to emulate our business model and offer similar products. For further details, please refer to "*Risk Factors*" and "*Our Business*" beginning on pages 21 and 149, respectively.

SECTION VII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND OTHER MATERIAL DEVELOPMENTS

*Except as disclosed in this section, there are no outstanding (i) criminal proceedings (including first information reports) involving our Company, Subsidiaries, Directors or Promoter (collectively, "**Relevant Parties**"); (ii) actions taken by statutory or regulatory authorities (including show cause notices issued by authorities) against the Relevant Parties; (iii) claims related to direct or indirect taxes involving the Relevant Parties (disclosed in a consolidated manner giving the total number of claims and the total amounts involved);(iv) disciplinary actions including penalties imposed by SEBI or the Stock Exchanges against the Promoter in the last five financial years, including outstanding action; and (v) other outstanding litigation involving the Relevant Parties as determined to be material pursuant to the Materiality Policy. Further, there is no pending litigation involving our Group Companies, the adverse outcome of which may have a material impact on our Company.*

Pursuant to the Materiality Policy, for the purposes of (v) above, any outstanding litigation involving the Relevant Parties (including tax matters mentioned in point (iii) above), has been considered 'material' and accordingly disclosed in this Information Memorandum:

a) *as regards our Company, Subsidiaries and the Directors: (i) where the monetary amount of claim/ amount in dispute is in excess of ₹37.35 crores, which is 5% of the profit before tax for Fiscal 2024 of the Demerged Undertaking; or (ii) where monetary liability is not quantifiable, however, the outcome of any such pending proceedings may have a material bearing on the business, operations, performance, prospects or reputation of the Company;*

b) *as regards our Promoter, where the monetary amount of claim/dispute is in excess of ₹928.85 crores, which is 5% of absolute profit or loss after tax as per the audited consolidated financial statements of the Promoter for last 3 (three) years.*

I. Litigation involving the Company

The proceedings by or against the Company detailed in this section relate to the Demerged Undertaking. It should be noted that these proceedings pertained to the Hotels Business of ITC Limited prior to the Effective Date. The references to 'Company' in connection with these litigations should accordingly be construed.

A. Litigation against the Company

a) Criminal proceedings

The following proceedings have been initiated against the Company for alleged violations of the erstwhile Prevention of Food Adulteration Act, 1954 ("**PFA Act**") and the FSS Act:

(i) two complaints under section 17 of the PFA Act were filed against the Company alleging that (x) a sample of a third party branded pre-packaged milk from the Company's hotel property at Agra (ITC Mughal) was adulterated, and (y) a sample of freshly boiled and peeled tomatoes from the Company's hotel property at Vadodara (Welcomhotel) was misbranded. The Company is contesting both matters; which are currently pending; and

(ii) a complaint under section 47 of the FSS Act was filed against the Company alleging that a sample of cake from the Company's hotel property at New Delhi (ITC Maurya, New Delhi) was found to be 'unsafe'. The Company is contesting the said matter and the matter is currently pending.

b) Actions taken by statutory and regulatory authorities

(i) The Regional Provident Fund Commissioner-II, Employees' Provident Fund Organisation, Chennai passed an order under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("**EPF Act**") against the Company's establishment, ITC Grand Chola (Chennai), stating that there was a shortfall in provident fund contributions of the establishment as fixed allowance was not considered as a part of basic wages for calculation of the provident fund contributions. The establishment was ordered to pay ₹ 1.42 crores. The Company has filed an appeal before the Central

Government Industrial Tribunal, Chennai, which has stayed the order of the Regional Provident Fund Commissioner- II. The matter is currently pending.

(ii) The Company's establishment, ITC Royal Bengal (Kolkata), was served with a notice issued by the Assistant Director of Employees' State Insurance Corporation ("**ESIC**") alleging that the said establishment has not paid contributions of approximately ₹ 0.10 crores in respect of 303 (three hundred and three) employees. The establishment filed its reply stating that the said contribution was paid through the ESIC registration of ITC Sonar up to December 2019. Thereafter, the said contributions were paid through the registration of ITC Royal Bengal. Without considering that the contribution was already paid by the Company through a different registration, an adverse order was passed by the authority. The Company has filed an appeal against the said order and the matter is currently pending.

(iii) In respect of the Company's establishment of ITC Grand Chola Hotel (Chennai), an enquiry was conducted by the Deputy Director of ESIC who passed an order directing the Company to pay a sum of approximately ₹ 0.13 crores, being the alleged contribution (mostly on account of separately registered contractors) due for the period 2013-2014. The Company has filed a petition against the said order and the matter is currently pending.

c) Material civil proceedings

The Company purchased the hotel property located at 263-C, Arossim, Cansaulim, Goa in an auction sale held by IFCI Limited on February 23, 2015 under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002. The Hon'ble Supreme Court upheld this sale vide its judgement dated March 19, 2018 in the case of *ITC Hotels v. Blue Coast Hotels and Ors.* and directed the erstwhile owner to handover the possession of the hotel property to the Company, which was handed over on September 19, 2018. In connection with the said hotel property, the following proceedings are pending:

(i) the erstwhile owner of the hotel property has filed a writ petition before the Goa Bench of the Bombay High Court praying for a direction to IFCI Limited to allow redemption of mortgage; and

(ii) the erstwhile owner of the hotel property filed a writ petition before the Goa Bench of the Bombay High Court praying for a direction to relevant authorities not to transfer the existing licenses/approvals to the Company.

No relief has been granted to the erstwhile owner of the said property in the aforesaid matters. The matters are currently pending.

B. Litigation by the Company

a) Criminal proceedings

The Company has filed 4 (four) criminal proceedings before various judicial fora under the Negotiable Instruments Act, 1881 against customers on account of default in payments for hotel accommodations and banquet services. The aggregate amount involved in the said proceedings is approximately ₹ 0.77 crores.

b) Material civil proceedings

(i) ITC Windsor, Bengaluru operates on a land parcel taken on lease which will expire in 2063. A unilateral resolution terminating the said lease was passed by the Karnataka State Board of Auqaf ("**Waqf Board**"). Subsequently, action was initiated by the competent officer under the Karnataka Public Premises (Eviction of Unauthorised Occupants) Act, 1974 who passed an order for evicting the Company from the said land parcel. The Company filed a statutory appeal before the City Civil Court, Bengaluru which stayed the said eviction order. The Company has filed petitions before the Karnataka Waqf Tribunal challenging the legality of the unilateral resolution terminating the said lease and before the Karnataka High Court challenging the constitutionality of the relevant provision of the Karnataka Public Premises (Eviction of Unauthorised Occupants) Act, 1974 basis which the eviction proceedings were initiated against the Company.

(ii) The Company is a perpetual lessee (with effect from June 29, 1974) under a registered lease deed dated December 21, 1988, in respect of about 6 (six) acres of land at Diplomatic Enclave, New Delhi, where its hotel property, ITC Maurya is constructed. Under the Lessor's (viz. Land & Development Office, hereinafter "**L&DO**") scheme of conversion, the Company had applied for conversion of leasehold rights to freehold right in respect of the aforesaid land and had also made payment of the requisite conversion fees, as computed by the L&DO online portal. Thereafter, L&DO, vide a letter dated March 14, 2024, revised the annual ground rent from ₹ 0.13 crores to ₹ 4.5 crores for the said leased land retrospectively with effect from June 29, 1999 till June 28, 2024. The Company has challenged the aforesaid by filing a writ petition before the Delhi High Court which vide its order dated September 4, 2024 stayed the aforementioned letter from L&DO. The matter is pending.

(iii) The Delhi Development Authority ("**DDA**") had executed a perpetual lease deed in favour of Ansal Hotels Limited ("**AHL**") with respect to the plot of land at District Centre Saket, New Delhi, measuring 9850 sq.m. ("**Saket Land**"). In pursuance of the scheme of conversion from leasehold rights to freehold offered by the DDA in August, 2003, AHL had filed an application dated March 29, 2004 for conversion of the Saket Land from leasehold to freehold and deposited all the applicable conversion charges and other charges with DDA. On May 24, 2005, DDA forwarded the draft conveyance deed in the name of AHL for execution. However, DDA did not proceed to execute the deed of conveyance for freehold land with AHL, but sent various demands for payments. Meanwhile, AHL merged with ITC Limited on March 23, 2005 with effect from April 1, 2004. DDA was then requested to issue the conveyance deed in the name of ITC Limited. DDA declined to execute the said conveyance deed unless 'unearned increase' was paid to DDA. Aggrieved by this, the Company filed a writ petition before the Delhi High Court challenging DDA's demand for unearned increase and prayed for execution of conveyance deed in favour of the Company. The matter is pending.

C. *Tax proceedings involving the Company*

Particulars	Number of cases	Ascertainable amount involved (in ₹ crores)*
Direct tax		
By the Company	Nil	Nil
Against the Company	Nil	Nil
Indirect tax		
By the Company	2	4.19
Against the Company	62	96.33
Total	64	100.52

* *To the extent quantifiable*

II. Litigation involving our Subsidiaries

A. *Litigation against our Subsidiaries*

a) Criminal proceedings

Nil

b) Actions taken by statutory and regulatory authorities

Srinivasa Resorts Limited has filed an appeal under the EPF Act against an order of the Regional Provident Fund Commissioner wherein it has held provident fund contribution should have been deposited on 'basic wages' after including certain additional allowances in the same. Srinivasa

Resorts Limited has deposited the alleged shortfall in provident fund amount under protest and the matter is pending.

c) *Material civil proceedings*

(i) Fortune Park Hotels Limited:

Fortune Park Hotels Limited ("**FPHL**") has been impleaded as a party to the following litigations that have been filed in relation to an accident where a false ceiling collapsed at Fortune Hotel, Bella Casa, Jaipur, a hotel then owned by Bardiya Construction Company Private Limited ('BCCPL'). These matters are currently pending.

- 4 (four) matters involving a total claim of ₹ 1.86 crores filed by the parties/claimants affected by the accident, before the Rajasthan State Consumer Disputes Redressal Commission, Jaipur under the Consumer Protection Act, 2019;

- 2 (two) matters/claims, each for ₹ 100 crores, filed by the affected parties / claimants claiming compensation under the Fatal Accidents Act, 1855 before the District Court, Jaipur;

- arbitration proceedings filed by BCCPL against FPHL before the arbitral tribunal of the Indian Council of Arbitration, New Delhi. After the accident, FPHL had terminated its operating and marketing services contract with BCCPL, on the grounds that the accident occurred due to breach of BCCPL's obligations under the contract. BCCPL initiated arbitration proceedings against FPHL claiming ₹ 33.3 crores towards loss of profit etc. FPHL has also filed a counterclaim against BCCPL for an amount of ₹ 1.4 crores. An interim order passed by the arbitral tribunal was challenged by FPHL before the Delhi High Court wherein the Delhi High Court has stayed the proceedings before the arbitral tribunal.

B. ***Litigation by our Subsidiaries***

a) *Criminal proceedings*

Nil

b) *Material civil litigation*

Landbase India Limited had obtained change of land use permission from the Director, Town and Country Planning ("**DTCP**") in respect of approx. 277 acres of land owned by it. Landbase developed a 27-hole Jack Nicklaus Golf Course under the name 'Classic Golf Course Resort and Country Club' and a five-star luxury resort hotel by the name 'ITC Grand Bharat' on the said land. The zoning plan approved for the said land imposed a condition that only upto 2 (two) bedroom golf huts could be built on it. Landbase sought removal of the said restriction through various representations. The DTCP accepted the same and allowed construction of maximum 4 (four) bed-room cottages. However, the DTCP imposed another restriction that such golf huts could not be disposed of by sale or long-term lease. After a few representations before the DTCP, Landbase filed a writ petition before the High Court of Punjab and Haryana at Chandigarh in December 2015, praying that the said restriction on disposal of golf huts by sale or long-term lease may be removed. The High Court dismissed the writ petition on the grounds that the change of land use was granted only for setting up a golf course and resort and not for selling huts/cottages by creating third party rights amounting to carving out a residential colony. Landbase filed a special leave petition before the Supreme Court against the judgment passed by Punjab and Haryana High Court. The matter is currently pending.

C. ***Tax proceedings involving our Subsidiaries***

As on the date of this Information Memorandum, except as disclosed below, our Subsidiaries are not involved in any tax proceedings:

Particulars	Number of cases	Ascertainable amount involved (in ₹ crores)*
Direct tax		
- By the Subsidiaries	-	-
- Against the Subsidiaries	-	-
Indirect tax		
- By the Subsidiaries	-	-
- Against the Subsidiaries	4	12.04
Total	**4**	**12.04**

* *To the extent quantifiable*

III. Litigation involving our Directors

A. Litigation against our Directors

a) *Criminal proceedings*

Please see paragraphs (iii), (iv) and (v) under the section "*Litigation involving our Promoter-Litigation against our Promoter-Criminal Proceedings*" regarding criminal proceedings involving our Director, Mr. Sanjiv Puri on page 282.

b) *Actions taken by statutory and regulatory authorities*

Nil

c) *Material civil proceedings*

Nil

d) *Disciplinary actions including penalties imposed by SEBI or the Stock Exchanges in the last five financial years preceding the date of this Information Memorandum including outstanding actions*

Nil

B. Litigation by our Directors

a) *Criminal proceedings*

Nil

b) *Material civil proceedings*

Nil

IV. Litigation involving our Promoter

A. Litigation against our Promoter

a) *Criminal proceedings*

(i) Almost 27 (twenty seven) years back, the Enforcement Directorate ("**ED**") had carried out investigations under the then Foreign Exchange Regulation Act, 1973 ('**FERA**') against the Promoter and some of its officials. After completion of such investigations, 26 (twenty six) show cause notices for adjudication were issued. Out of these, 17 (seventeen) show cause notices were dropped by the ED and 5 (five) were quashed by the Calcutta High Court. Detailed replies to the remaining 4 show cause notices have been filed with the adjudicating authority. Hearing has been completed for 2 of these show cause notices in the year 2015 and orders have been reserved. The Promoter 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 2 show cause notices are yet to be heard by the adjudicating authority. Further, 6 prosecution cases were also initiated by the ED.

Two of the prosecutions have been quashed by the Calcutta High Court, while quashing petitions for 4 cases are pending.

(ii) A shareholder, by the name of Mr. Ravi Kumar Mehrotra, alleged that his shares in the Promoter have been fraudulently dematerialised in the year 2008 by some other individuals ("**Alleged Offenders**") who have impersonated him by using false documents. In this connection, Mr. Mehrotra has filed a criminal case against the Alleged Offenders and has also made the Promoter a party in the same. The matter is pending before the Chief Metropolitan Magistrate, Esplanade Court, Mumbai.

(iii) A pack of CHI Stone Ware Stylish Mugs, which was on display for sale at Amaravati Choupal Saagar (being one of the Promoter's organized retails forays into the hinterland), did not contain certain details (such as month and year of manufacture) required under the Legal Metrology Act. A complaint was filed by the Inspector, Legal Metrology, before the Judicial Magistrate, First Class, Amravati, in December 2017 against *inter alia* the Promoter. The Promoter filed an application under section 482 of the Code of Criminal Procedure, 1973 ("**CrPC**") for quashing of the said complaint. The Nagpur Bench of the Bombay High Court stayed further proceedings before the Judicial Magistrate, First Class, Amaravati. The aforesaid order is in force and the Promoter's application under section 482 of the CrPC for quashing the complaint is pending.

(iv) A retail package of solar lantern manufactured by an entity by the name 'D-light' ("**D-light**") had a price sticker affixed allegedly in violation of the Legal Metrology Act. Since the said retail package of solar lantern was displayed for sale in Amaravati Choupal Saagar, a complaint was filed by the Inspector, Standards of Weights and Measures before the Judicial Magistrate, First Class, Amravati against *inter alia* the Promoter. The Promoter filed an application under section 482 of the CrPC, for quashing of the said complaint. The Nagpur Bench of the Bombay High Court stayed further proceedings before the Judicial Magistrate, First Class, Amaravati. The aforesaid order is in force and the Promoter's application under section 482 of the CrPC for quashing the complaint is pending.

(v) A criminal complaint under Section 23 of the Indian Boilers Act, 1923 has been filed against *inter alia* the Promoter. It has been alleged in the complaint by the Deputy Director, Boilers, Uttarakhand that one of the boilers in the Promoter's factory at Haridwar was being operated without renewing the registration. The complaint is currently pending before the Chief Judicial Magistrate, Haridwar.

(vi) Five criminal cases have been filed against the Promoter under Section 47 of the FSS Act alleging that various packaged food products of the Promoter, viz, 'Bingo! Galata Masti South Star', 'Bingo! Yumitos', 'Aashirvaad Shudh Chakki Atta', 'Yippee! Magic Masala Instant Noodles, and Yippee! Classic Masala Instant Noodles have been found to be 'unsafe'. The Promoter is contesting each of these matters and has obtained 'stay' orders in four of these matters. On the fifth matter (pertaining to 'Bingo! Galata Masti South Star'), the Promoter has filed a quashing petition before the Andhra Pradesh High Court. The matters are currently pending.

(vii) The following criminal cases have been initiated against the Promoter for alleged violations of the Standards of Weights and Measures Act, 1977:

I. it was alleged that the product 'Sunfeast Glucose Biscuit' is being sold in a non-standard pack and criminal proceedings were initiated. The case has been stayed by the Chief Metropolitan Magistrate, Kanpur and the Promoter has filed a petition under section 482 of CrPC before the Allahabad High Court for quashing the criminal proceedings.

II. it was alleged that a 10 (ten) kg pack of 'Aashirvaad Atta' did not have the MRP and PKD declaration printed on it and criminal proceedings were initiated. The matter is currently pending before the Chief Metropolitan Magistrate, Kanpur.

III. it was alleged that a 'Sunfeast Bennevita Flaxseed' biscuit pack did not have the MRP and PKD declaration printed on it and criminal proceedings were initiated. The matter is currently pending before the Additional Chief Judicial Magistrate, Lucknow and the Promoter is contesting the said matter; and

IV. it was alleged that a 'Sunfeast' biscuit pack did not have the MRP and PKD declaration printed on it and criminal proceedings were initiated. The case has been stayed by the Chief Metropolitan Magistrate, Kanpur and the Promoter has filed a petition under section 482 of CrPC before the Allahabad High Court for quashing the criminal proceedings.

b) Actions taken by regulatory and statutory authorities

(i) A show cause notice was issued to the Promoter by the Assistant Controller (Legal Metrology), alleging violation of Rule 6(da) of Legal Metrology (Packaged Commodities) Rules, 2011 with regard to the packages of cigarette manufactured under the brand names Classic and Gold Flake. The Promoter filed a detailed response to the said show cause notice. However, the Assistant Controller (Legal Metrology) issued a notice of compounding to the Promoter. The Promoter has filed an appeal against the same. The appeal is currently pending.

(ii) The Deputy Director of ESIC passed an order directing the Promoter to pay the arrears in employees' state insurance contribution, amounting to ₹ 98,875 (Rupees ninety-eight thousand eight hundred and seventy-five) for the period 2009-2010 in respect of wages of drivers engaged by employees of the Promoter. The Promoter appealed against the said order, arguing *inter alia* that no contribution was payable by the Promoter, as the drivers are not employed by the Promoter, but are personal drivers of the employees of the Promoter. The Employees' Insurance Court, West Bengal, Kolkata has granted a temporary injunction against the aforesaid order of the Deputy Director. The matter is pending before the Employees' Insurance Court.

(iii) The Promoter had engaged the services of Pratima Security and Labour Services ("**PSLS**") to provide manpower at the Promoter's factory in Haridwar. The Assistant Provident Fund Commissioner, Dehradun initiated an inquiry against PSLS and found shortfall in provident fund contributions in respect of the employees of PSLS. Liability for such shortfall in provident fund contributions was also imposed upon the Promoter. Appeals were filed against the aforesaid orders, which are currently pending before the Central Government Industrial Tribunal, Lucknow.

(iv) A complaint was filed before Regional Provident Fund Commissioner, Dehradun by a workman alleging that the Promoter had not implemented the directions of the Supreme Court in the *Regional Provident Funds Commissioner (II), West Bengal v. Vivekananda Vidyamandir & Ors*., dated February 28, 2019. The complaint was in respect of the Promoter's foods unit at its factory in Haridwar. Pursuant to the complaint, a notice was served upon the Promoter by the Regional Provident Fund Commissioner, Dehradun initiating proceedings for assessment of EPF contribution dues under Section 7A of the EPF Act. The Promoter has replied to the said notice. Personal hearings are underway in the matter.

(v) The Promoter had engaged the services of M/s Neel Enterprises as co-packers in its factory at Haridwar. The Assistant Provident Fund Commissioner, Dehradun, through its letter dated March 31, 2022, informed the Promoter that M/s Neel Enterprises had defaulted on its provident fund contributions in respect of its employees and also issued a demand against the Promoter in its capacity as the principal employer. The Promoter filed a review application against the said order, which was rejected. The Promoter is in the process of filing an appeal against the order of the Regional Provident Fund Commissioner, before the Central Government Industrial Tribunal, Lucknow.

(vi) The Promoter was informed by the ESIC authorities that two entities engaged by it, i.e., Security & Intelligence Services (India) Limited ("**SISIL**") and one Mohd. Yunus, had violated certain provisions of the Employees' State Insurance Act, 1948. SISIL and Mohd. Yunus were engaged by the Promoter at the factory in Bareilly for security services and building construction and maintenance respectively. Through two orders, the dues of the employees of SISIL and Mohd. Yunus were assessed against the Promoter. The aforesaid orders have been challenged by the Promoter before the Employees' State Insurance Court, Bareilly, and are currently pending.

(vii) The Promoter has: 197 proceedings initiated by the relevant authorities under the FSS Act and the PFA Act and the rules thereunder in relation to various mattes such as alleged misbranding of food products, food being unsafe or sub-standard, misleading claims, adulteration, discrepancy in nutritional values disclosed, pending at various stages of adjudication; and 59 proceedings for alleged violations of the Legal Metrology Act, 2011 and the rules thereunder in relation to various matters such as alleged missing and incomplete declarations and lesser net quantities than what is disclosed on the packs, pending at various stages of adjudication. In the said proceedings: (x) 254 pertain to various products of the Promoter including biscuits, vegetable soups, atta, ghee, instant noodles, instant pasta, confectionery, potato chips, frozen snacks, gram flour, coffee, spices, chocolate substitute, salt, rava, cakes, milk, fruit beverages, milkshakes, notebooks, cigarettes, pens, matches & agarbattis; and (y) 2 proceedings pertain to the products being sold at Amaravati Choupal Saagar. Each of these matters are being contested by the Promoter.

c) Material civil proceedings

Nil

d) Disciplinary actions including penalties imposed by SEBI or the Stock Exchanges in the last five financial years preceding the date of this Information Memorandum including outstanding actions

Nil

B. Litigation by our Promoter

a) Criminal proceedings

(i) The Promoter has filed three FIRs against an individual by the name of Varun Gupta (proprietor of M/S Varun Fashions) for: (a) criminal conspiracy, forgery, fabrication of documents, fraud, cheating and criminal misconduct on account of submission of fabricated and forged VAT challans; (b) counterfeit usage of trademarks and brand names of ITC/John Players; and (c) criminal breach of trust, cheating and dishonest misappropriation on account of non-return of goods, assets and other equipment belonging to the Promoter.

(ii) Seven FIRs have been lodged by the Promoter against companies and individuals for infringing the intellectual property rights of the Promoter in the brands GOLD FLAKE and CAPSTAN.

(iii) Six FIRs have been lodged by the Promoter against companies and individuals for counterfeiting the Promoter's packages of GOLD FLAKE cigarettes, its registered brand name and GOLD FLAKE roundel.

(iv) The Promoter has filed 80 (eighty) complaints before various judicial fora for alleged violation of Section 138 of the Negotiable Instruments Act, 1881, against various parties in relation to dishonor of cheques. The aggregate amount involved in all these matters is approximately ₹ 21.73 crores.

(v) The Company has filed a criminal complaint against one Mr. Akshat Agarwal for wrongful retention of the Company's property even after cessation of employment.

b) *Material civil proceedings*

Nil

C. Tax proceedings involving our Promoter

Particulars	Number of cases	Aggregate amount involved* *(in ₹ crores)*
Direct tax		
By the Promoter	23	1,370.73
Against the Promoter	17	115.33
Indirect tax		
By the Promoter	1	0.40
Against the Promoter	254	553.21
Total	295	2,039.68

* *To the extent quantifiable.*

V. OUTSTANDING DUES TO CREDITORS

The details of outstanding dues (trade payables) owed to micro and small enterprises and other creditors by the Company, as at September 30, 2024, are set out below:

(in ₹ crores)

Type of creditors	Number of creditors	Aggregate amount involved
Micro, Small and Medium Enterprises	-	-
Other creditors	2	0.17
Total	**2**	**0.17**

The details pertaining to outstanding over dues to the creditors along with names and amounts involved for each such creditor are available on the website of our Company at www.itchotels.com.

VI. MATERIAL DEVELOPMENTS SINCE THE LAST BALANCE SHEET DATE

Except as stated in "*Management's Discussion and Analysis of Financial Condition and Results of Operation*" on page 265, there have been no material developments, since the date of the last financial information disclosed in this Information Memorandum, which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

*Our business requires various approvals, licenses, registrations and permits issued by relevant governmental and regulatory authorities under applicable rules and regulations. Set out below is an indicative list of such consents, licenses, registrations, permissions, and approvals obtained by (a) our Company; and (b) our Subsidiaries which are considered material and necessary for the purposes of undertaking their respective businesses and operations (“**Material Approvals**”). In addition, certain Material Approvals may have lapsed or expired or may lapse in their ordinary course of business, from time to time, and we have applied for renewals for such Material Approvals in the ordinary course of business.*

For further details in connection with the regulatory and legal framework within which we operate, see the section titled “Key Regulations and Policies” on page 166. *For details of risks associated with not obtaining or delay in obtaining the requisite approvals, please see the section titled “Risk Factors – If we are unable to obtain the requisite approvals, licenses, registrations and permits to develop and operate our hotels and other related services, or are unable to renew them on time, our operations may be adversely affected.” on page* 28.

I. <u>Approvals in relation to the Offer</u>

For the approvals and authorisations obtained by our Company in relation to the Offer, see “Other Regulatory and Statutory Disclosures –Authority for listing” on page 289.

II. <u>Incorporation details of our Company</u>

1. Certificate of incorporation dated July 28, 2023 issued by the Registrar of Companies, Kolkata at West Bengal to our Company;

2. The CIN of our Company is U55101WB2023PLC263914.

III. <u>Approvals in relation to the business and operations of our Company</u>

a) Tax related approvals

1. The permanent account number of our Company is AAHCI2404A.
2. The tax deduction and collection account number of the registered office of our Company is CALI07124F.
3. The import export code for our Company is AAHCI2404A.
4. The goods and services tax identification number of the registered office of our Company is 19AAHCI2404A1Z4.

b) Labour related approvals

1. Under the provisions of the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952, as amended, the registered office of our Company has been allotted EPF code number WBPRB3017458000.
2. Under the provisions of the Employees’ State Insurance Act, 1948, as amended, the registered office of our Company has been allotted the ESI registration number 41001096580001101.

In addition to the labour related approvals mentioned above, we are also required to obtain, where applicable, certain other approvals such as license under the Contract Labour (Regulation and Abolition) Act, 1970, to engage more than twenty contract labourers in our hotels.

c) Material approvals in relation to the operations of our Company

Our Company requires various approvals, licenses and registrations under several central or state-level acts, rules and regulations to carry on our business in India. These licenses differ on the basis of the location as well as the nature of operations carried out at such locations. Some of these may expire in the ordinary course of business and applications for renewal of these approvals are submitted in accordance with applicable procedures and requirements. An indicative list of the material approvals required by our Company, for our respective businesses and operations, is provided below. These include:

1. ***Trade license from relevant municipal authorities**:* We are required to obtain trade licenses from the municipal authorities of the respective areas where our hotels are located, where local laws require such trade licenses to be obtained.

2. ***FSSAI registration:*** We are required to obtain registration from the Food Safety and Standards Authority of India, under the FSSAI read with the Food Safety and Standard (Licensing and Registration of Food Business) Regulations, 2011, for sale, storage or distribution of food products.

3. ***No objection certificates from fire departments and police departments:*** We are required to obtain a no objection certificate ("**NOC**") from the relevant fire department, as applicable in the concerned jurisdictions of our hotels, to continue operations of our hotels. Further, we are also required to obtain an NOC from the relevant police department, as applicable in the concerned jurisdictions of our hotels.

4. ***Environment related approvals:*** We are required to obtain various environment related approvals and consents to operate under the Environment Act, Air Act and Water Act, the Environmental Impact Assessment Notification and authorisation for collection, storage and disposal of hazardous waste under the Hazardous Wastes Rules, in respect of our hotels, wherever applicable.

5. ***Liquor license under excise laws:*** Under the scheme of excise laws, different state legislatures have enacted state legislations dealing with licenses for sale of alcohol. Any person selling alcohol, of various types and form, is required to obtain appropriate license under the state legislation. Such license is issued and classified based upon the nature and type of the alcohol. The categories of alcohol licenses may include Indian made foreign liquor, foreign liquor, beer and wine, or a combination thereof. In states where we serve liquor at our hotels, we are required to obtain license to serve and store liquor under the respective legislation of the state.

6. ***Shops and establishments registrations:*** In states where our hotels are located, registration under the respective shops and establishment acts of those states, wherever enacted or in force, is required. The terms of registration, renewal procedure and requirement for such registrations may differ under the respective state legislations.

7. ***Ground Water NOC from relevant department and/or authorities:*** We are required to obtain a NOC from the relevant ministry, as applicable in the concerned jurisdictions of our hotels.

In addition to the material approvals applicable to our currently operational owned and leased hotels, we also have certain approvals required for hotels that are currently under development. These properties include extensions of existing hotels and are under construction, government buildings leased from the state governments, roadside motels taken on lease, and a heritage property undergoing renovation.

In respect of our hotels, we hold all such aforementioned Material Approvals as we are required to obtain, and have made applications for renewals of such Material Approvals in the ordinary course of business.

IV. Material approvals yet to be applied for

Sr. No.	Description	Date of the application	Date of Expiry	Authority
NIL				

V. Intellectual Property

For details in relation to our intellectual property, see "*Our Business – Intellectual Property*" on page 165.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for listing

The Board has approved the Scheme of Arrangement amongst ITC Limited and ITC Hotels Limited and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

The Scheme of Arrangement involves: (i) demerger of the Demerged Undertaking comprising the Hotels Business of Demerged Company and vesting the same into the Resulting Company on a going concern basis and in consideration, the consequent issuance of equity shares by the Resulting Company to the shareholders of the Demerged Company as per the share entitlement ratio (*as defined in the Scheme of Arrangement*), and in accordance with the provisions of Section 2(19AA) read with other relevant provisions of the IT Act; (ii) various other matters consequential or otherwise integrally connected therewith, including changes to the share capital and securities premium account of the Resulting Company, pursuant to the provisions of Sections 230 to 232 read with other applicable / relevant provisions of the Companies Act, 2013 and in compliance with the provisions of the IT Act and other applicable regulatory requirements.

For more details, please refer to "*Scheme of Arrangement*" starting on page 183.

In accordance with the Scheme, the Equity Shares of our Company, allotted pursuant to the Scheme, shall be listed and admitted to trading on the Stock Exchanges. Such admission and listing are not automatic and will be subject to fulfilment by the Company, of the respective listing criteria of the Stock Exchanges and such other terms and conditions as may be prescribed by the respective Stock Exchanges at the time of the application made by our Company seeking approval for listing.

Eligibility criterion

There being no initial public offering or rights issue, the eligibility criteria prescribed under the SEBI ICDR Regulations are not applicable. SEBI *vide* SEBI Circular has, subject to certain conditions, permitted unlisted issuer companies to make an application for relaxation from strict enforcement of clause (b) to sub-rule (2) of Rule 19 of the SCRR by making an application to SEBI under sub-rule (7) of Rule 19 of the SCRR. The Information Memorandum containing information about our Company, making disclosures in line with the disclosure requirement for public issues, as applicable, has been submitted by our Company to NSE and BSE and the Information Memorandum shall be made available to public through the respective websites of the Stock Exchanges at www.nseindia.com and www.bseindia.com. This Information Memorandum is also made available on our Company's website www.itchotels.com.

Our Company will publish an advertisement in the newspapers containing its details as per the SEBI Circular, drawing specific reference to the availability of this Information Memorandum on our Company's website.

Prohibition by Securities and Exchange Board of India

As on the date of this Information Memorandum, our Company, Directors, Promoter and persons in control of our Company have not been prohibited from accessing the capital markets or debarred from buying, selling, or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority / court.

Compliance with Companies (Significant Beneficial Owners) Rules, 2018

Our Company, Promoter and Promoter Group are in compliance with the requirements of the Companies (Significant Beneficial Owners) Rules, 2018, as applicable.

Association with the Securities Market

None of the Directors of the Company are associated with the securities market in any manner. Further, SEBI has not initiated any action against any entity, with whom the Directors of our Company are associated in the past five years preceding the date of this Information Memorandum.

Declaration as wilful defaulter by Reserve Bank of India

Our Company, Promoter and Directors have not been declared as Wilful Defaulters or Fraudulent Borrowers by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

Fugitive Economic Offender

Neither our Promoter nor our Directors have been declared as fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

Disclaimer in respect of Jurisdiction

Any dispute arising out of this Information Memorandum will be subject to the jurisdiction of appropriate court(s) of Kolkata only.

Disclaimer Clause of the NSE

As required, a copy of this Information Memorandum has been submitted to NSE. NSE has vide its letter bearing reference no. NSE/LIST/37298_I dated January 19, 2024, approved the Scheme of Arrangement under Regulation 37 of the SEBI Listing Regulations and by virtue of the said approval, NSE's name is included in this Information Memorandum as one of the Stock Exchanges on which our Company's Equity Shares are proposed to be listed.

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

Disclaimer Clause of the BSE

As required, a copy of this Information Memorandum has been submitted to BSE. BSE vide its letter bearing reference no. DCS/AMAL/JP/R37/3038/2023-24 dated January 19, 2024, approved the Scheme of Arrangement under Regulation 37 of the SEBI Listing Regulations and by virtue of the said approval, BSE's name has been included in this Information Memorandum as one of the Stock Exchanges on which our Company's Equity Shares are proposed to be listed.

General Disclaimer from our Company

Our Company accepts no responsibility for statements made otherwise than in this Information Memorandum or in the advertisements to be published in terms of Part II (A)(5) of the SEBI Circular or any other material issued by or at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by our Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

Listing

Applications have been filed with the NSE and BSE for official quotation of the Equity Shares of the Company. The Company has nominated NSE as the Designated Stock Exchange for the aforesaid listing of the Equity Shares. The Company has taken steps for completion of necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above within the period as approved by SEBI.

Listing approval from NSE AND BSE

Our Company has obtained in-principle listing approvals from NSE and BSE on January 17, 2025. Our Company shall make the applications for receiving final listing and trading approvals from NSE and BSE.

Exemption under securities laws

Our Company was granted an exemption from the application of Rule 19(2)(b) of the SCRR by the SEBI *vide* letter no. SEBI/HO/CFD/CFD-RAC-DCR1/P/OW/2025/2078/1 dated January 20, 2025.

Further, pursuant to SEBI Letter No. SEBI/HO/CFD/RAC-DIL-1/OW/7101/1/2024 dated February 22, 2024, SEBI has granted exemption under Regulation 300(1)(a) of SEBI ICDR Regulations from classifying Tobacco

Manufacturers (India) Limited, a public shareholder in ITC Limited, as a member of Promoter Group of our Company as prescribed under Regulation 2(1)(pp)(iii)(B) of the SEBI ICDR Regulations.

Filing

A copy of this Information Memorandum has been filed with NSE and BSE.

Demat Credit

The Company has executed a tripartite agreement with the Depositories i.e., NSDL and CDSL, on October 17, 2024 and October 10, 2024, respectively, for admitting the Equity Shares in dematerialised form. The ISIN allotted to the Equity Shares of the Company is INE379A01028. The Company has credited the New Equity Shares to the demat accounts of the shareholders of ITC Limited whose names were recorded in the Register of Members of ITC Limited or in the Register of Beneficial Owners maintained by the Depositories as on the Record Date i.e., January 6, 2025.

Expert opinions

Save as stated elsewhere in this Information Memorandum, we have not obtained any expert opinions.

Particulars regarding public or rights issues by our Company during the last five years

Our Company has not made any public or rights issues during the five years preceding the date of this Information Memorandum.

Underwriting Commission, Brokerage and Selling Commission paid on previous issues of the Equity Shares

No sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares of our Company during the five years preceding the date of this Information Memorandum.

Capital issue during the previous three years by our Company, listed Group Companies, listed Subsidiaries and listed associates of our Company

Except the following Listed Associates of our Company, none of our Subsidiaries, Associates or Group Companies are listed on any Stock Exchange:

1. International Travel House Limited
2. Gujarat Hotels Limited

Our Company and our listed associates have not undertaken any capital issue to the public during the last three years preceding the date of this Information Memorandum.

Performance vis-à-vis objects – public / rights issue of our Company

This is the first time the Equity Shares of our Company will be listed on the Stock Exchanges.

Performance vis-à-vis objects – Public / rights issue of the listed Subsidiaries / promoter

As on the date of this Information Memorandum, our Company does not have any listed subsidiaries. Further, our Promoter has not undertaken any public / rights issue during the five years preceding the date of this Information Memorandum.

Stock market data of Equity Shares of our Company

The Equity Shares of our Company are proposed to be listed on NSE and BSE.

Disposal of investor grievances

KFin Technologies Limited is the Registrar and Share Transfer Agent of our Company to discharge investor service functions on behalf of the Company. It accepts the documents / requests / complaints from the investors / Shareholders of our Company. All documents are received at the inward department, where the same are classified based on the nature of the queries / actions to be taken and coded accordingly. The documents are then electronically captured before forwarding to the respective processing units. Our Company has set up service standards for each of the various processes involved such as effecting the dematerialisation of securities / change of address and other investor service request. Our Company or the Registrar and Share Transfer Agent have process and procedures to redress the investor grievances within the prescribed timelines. Our Company has a designated e-mail address i.e., investorservices@itchotels.in for assistance and / or grievance redressal. This email address is closely monitored to ensure quick redressal of investor grievances. The Company has also constituted a Securityholders Relationship Committee to specifically look into various aspects of interest of Shareholders.

Our Company has also obtained authentication on the SEBI Complaint Redressal (SCORES) Platform and has complied with SEBI Circular number SEBI/HO/OIAE/IGRD/CIR/P/2023/156 dated September 20, 2023, as extended by the SEBI Circular number SEBI/HO/OIAE/IGRD/CIR/P/2023/183 dated December 1, 2023. Shareholders can submit their grievances by sending e-mail to einward.ris@kfintech.com or raise complaints on the SCORES Platform. Further, Shareholders can also send their grievances to the Company's email address i.e., investorservices@itchotels.in. Our Company had received one complaint through the SCORES Platform, which has been duly responded to by the Company.

Mr. Diwaker Dinesh is the Company Secretary and Compliance Officer of our Company and is vested with the responsibility of addressing investor grievances in coordination with Registrar & Share Transfer Agent of our Company.

Company Secretary and Compliance Officer

Mr. Diwaker Dinesh
Corporate Office:
ITC Green Centre,
10 Institutional Area,
Sector-32, Gurugram-122001,
Haryana, India
Tel: 0124-417 1717
E-mail: investorservices@itchotels.in

Capitalisation of reserves or profits or revaluation of assets

There has been no capitalisation of our reserves or profits or revaluation of our assets since incorporation to the date of this Information Memorandum.

Outstanding debentures or bonds or redeemable preference shares or other instruments issued by our Company

As on date of this Information Memorandum, there are no outstanding debentures or bonds or redeemable preference shares or other instruments issued by our Company.

SECTION VIII – OTHER INFORMATION
MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

ARTICLES OF ASSOCIATION OF THE COMPANY

THE COMPANIES ACT, 2013
COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION
OF
ITC HOTELS LIMITED

The Regulations contained in Table F in Schedule I to the Companies Act, 2013 shall apply to the Company insofar as the same are not provided for or are not inconsistent with these Articles.

The Regulations for the management of ITC Hotels Limited ('the Company') and for the observance by the Members thereto and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the deletion or alteration of or addition to its regulations by resolution as prescribed or permitted by the Companies Act, 2013, be such as are contained in these Articles.

Article No.	Description
INTERPRETATION	
1	(i) In these Articles, 'the Act' means the Companies Act, 2013 or any statutory modification thereto or re-enactment thereof and includes any rules and regulations framed thereunder. (ii) In these Articles, the 'Board of Directors' or 'Board' means the collective body of the Directors of the Company. (iii) Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as provided in the Act.
SHARE CAPITAL AND VARIATION OF RIGHTS	
2	The Authorised Share Capital of the Company shall be such amount as may be set out in the Memorandum of Association of the Company, with power to the Company to increase or reduce such capital, with or without varying rights and powers with respect to all or any of the shares for the time being of the Company.
3	(i) Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par at such time and for such consideration as the Board thinks fit, including issue of securities by way of preferential offer. (ii) Any of the shares for the time being unissued and any new shares from time to time to be created may, from time to time, be issued with any such right to preference in respect of dividend and of repayment of capital over any shares previously issued or then about to be issued (subject to the provisions hereinafter contained as to the consent of the holders of any class of shares where such consent is necessary), or at such premium as compared with any other shares previously issued or then about to be issued, or subject to any such conditions or provisions, and with any such right or such terms as the Company may from time to time determine. Provided that the option or right to call on shares shall not be given to any person or persons without the sanction of the Company in General Meeting. (iii) The Board may also issue shares with differential rights as to voting or otherwise, in accordance with the provisions of the Act or any other law for the time being in force.
4	If at any time the share capital of the Company is divided into different classes of shares, the right attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Section 48 of the Act, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares

Article No.	Description
	of that class, or with the sanction of a special resolution passed at a General Meeting of the holders of the shares of that class. All the provisions of these Articles relating to General Meetings shall *mutatis mutandis* apply to each of such Meetings, but so that the necessary quorum shall be minimum two persons holding at least one-third of the issued shares of the class in question. This Article is without prejudice to the power of the Company under Article 17 hereof and the Company's right in General Meeting to increase its capital. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.
5	Subject to the provisions of Section 55 of the Act, any Preference Shares may be issued on the terms that they are liable to be redeemed on such terms and in such manner as the Company may prescribe before the issue of such shares by special resolution.
6	The Company may pay commission to any person in connection with subscription of shares, as prescribed under Section 40(6) of the Act, provided that the rate percent or the amount of the commission paid or agreed to be paid shall not exceed the maximum limit as prescribed under the Act. The Company may also on any issue of shares pay such brokerage as may be lawful.
7	The Company shall not give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with purchase or subscription made or to be made by any person of or for any shares in the Company, nor shall the Company make a loan for any purpose whatsoever on the security of its shares, but nothing in these Articles shall prohibit transactions mentioned in Section 67 of the Act.
8	The Company shall use a common form of transfer in all cases, as prescribed under the Act. In case of transfer of shares in dematerialized form, the provisions of the Depositories Act, 1996 shall apply.
LIEN	
9	(i) The fully-paid shares of the Company shall be free from lien. The Company shall have a first and paramount lien- (a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called or payable at a fixed time, in respect of that share; and (b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the Company. Provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this clause. (ii) The Company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time on such share.
CALLS ON SHARES	
10	The Board may from time to time (subject to any terms upon which any shares have been or may be issued) make such calls as it may think fit upon the Members in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium). Each Member shall be liable to pay the calls so made to the persons and at the times and places specified by the Board. A call may be revoked or postponed, as the Board may determine.
11	If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate as the Board may determine, but the Board shall be at liberty to waive payment of such interest, wholly or in part.
12	(i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable. (ii) In case of non-payment of such sum, all the relevant provisions of the Act and these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

Article No.	Description
	(iii) The Board may, if it thinks fit, receive from any Member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him, and upon all or any of the monies so advanced may (until the same would, but for such advance, become payable) pay interest at such rate (unless the Company in General Meeting shall otherwise direct) as may be agreed upon between the Board and the Member paying such sum in advance. Monies paid in advance of calls shall not confer any voting rights or any right to dividend or to participate in the profits of the Company.
TRANSMISSION OF SHARES	
13	In case of death of a Member, the survivor(s) where the deceased was a joint holder, and the nominee(s), executor(s), administrator(s) or legal representative(s) of the deceased where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to deceased's interest in the shares. However, nothing in these Articles shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held with other persons.
FORFEITURE	
14	If any Member fails to pay any call or instalment of a call due in respect of his share on the day appointed for payment thereof, the Board may at any time thereafter, during such time as the call or instalment remains unpaid, serve a notice on such Member requiring him to pay such call or instalment as is unpaid, together with interest which may have accrued at such rate as may be decided by the Board.
15	A forfeited share shall become the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the person who was before forfeiture the holder thereof or entitled thereto, or to any other person, upon such terms and in such manner as the Board shall think fit, and at any time before such sale, re-allotment or disposition, the forfeiture may be cancelled on such terms as the Board shall think fit.
16	A Member whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall notwithstanding the forfeiture remain liable to pay to the Company, all monies which at the date of forfeiture were payable by him to the Company in respect of the shares. The liability of such person shall cease if and when the Company receives payment in full of all such monies in respect of the shares.
ALTERATION OF CAPITAL	
17	(i) The Company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution. (ii) Except so far as otherwise provided by the Act and these Articles, any capital raised by the creation of new shares shall be considered as part of the existing capital and all such new shares shall be subject to the provisions of these Articles with reference to payment of calls, lien, transmission, forfeiture and otherwise.
18	All unissued and any new shares may, subject to any directions to the contrary which may be given by the Company in General Meeting or as may be determined by the Board, be offered to the existing shareholders of the Company in accordance with the provisions of Section 62 of the Act.
19	Subject to the provisions of Section 61 of the Act, the Company may by ordinary resolution- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; (b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination; (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum; (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital, by the amount of the shares so cancelled.
20	The Company may, by special resolution, reduce in any manner and with and subject to any incident authorised and consent required by law- (a) its share capital; (b) any capital redemption reserve account; or (c) any securities premium account.

Article No.	Description
CAPITALISATION OF PROFITS	
21	(i) The Company in General Meeting may, upon the recommendation of the Board, resolve- (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and (b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) below amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportion. (ii) The sum aforesaid shall not be paid in cash but shall be applied either in or towards- (a) paying up any amounts for the time being unpaid on any shares held by such Members respectively; (b) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such Members in the proportion aforesaid; (c) partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b). (iii) A securities premium account and a capital redemption reserve account may, for the purposes of this Article, be applied in the paying up of unissued shares to be issued to Members of the Company as fully paid bonus shares. (iv) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.
22	(i) Whenever a resolution as referred to in Article 21 is passed, the Board shall- (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully-paid shares if any; and (b) generally, do all acts and things required to give effect thereto. (ii) The Board shall have power- (a) to make such provisions by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and (b) to authorise any person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares. (iii) Any agreement made under such authority shall be effective and binding on such Members.
DEMATERIALISATION AND REMATERIALISATION OF SECURITIES	
23	(i) The Company shall recognise interest in dematerialised securities under the Depositories Act, 1996. Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall offer its fresh securities in the dematerialised form pursuant to the Depositories Act, 1996 and the regulations framed thereunder. Every person subscribing to the shares offered by the Company shall receive such shares in dematerialised form. (ii) Except as ordered by a court of competent jurisdiction or by applicable law required and subject to the provisions of the Act, the Company shall be entitled to treat the person whose name appears on the applicable register as the holder of any security or whose name appears as the beneficial owner of any security in the records of the Depository as the absolute owner thereof.
BUY-BACK OF SHARES	
24	Notwithstanding anything contained in these Articles but subject to the provisions of Sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.

Article No.	Description
INSPECTION OF REGISTERS AND DOCUMENTS	
25	If prescribed by the provisions of the Act or as authorised by the Board or by the Company in General Meeting, Members (other than Directors) can inspect the documents / registers / records of the Company to be kept or maintained by the Company in physical or electronic form under the provisions of the Act. Further, any Member, beneficial owner, debenture-holder, other securityholder or other person entitled to copies of such documents / registers / records, shall be provided copies thereof upon request on payment of fee of ₹ 10/- per page, or such other fee as may be prescribed from time to time under the Act and as may be determined by the Board.
GENERAL MEETINGS	
26	All General Meetings other than Annual General Meeting shall be called Extraordinary General Meeting.
27	The Board may, whenever it thinks fit, call an Extraordinary General Meeting. All business shall be deemed special that is transacted at an Extraordinary General Meeting.
28	Subject to the provisions of the Act, the Company may in respect of any item of business, other than ordinary business, transact such business by means of postal ballot, instead of transacting the same at a General Meeting of the Company. If a resolution is assented to by the requisite majority of the Members by means of postal ballot, it shall be deemed to have been duly passed at a General Meeting convened in that behalf.
29	(i) A General Meeting shall be called by giving notice in accordance with the provisions of the Act, either in writing or through electronic mode as prescribed under the Act, except as otherwise provided by law. Such notice shall be given in the manner hereinafter mentioned or in such other manner, if any, as prescribed under the Act, to all the Members and to the persons entitled to a share in the consequence of death or insolvency of a Member, and to such other persons as specified under law. (ii) Any accidental omission to give notice of a Meeting to, or the non-receipt of notice of a Meeting by, any Member or other person entitled to receive such notice shall not invalidate the proceedings of the Meeting.
PROCEEDINGS AT GENERAL MEETINGS	
30	(i) No business shall be transacted at any General Meeting unless a quorum of Members is present at the time when the Meeting proceeds to business. (ii) Save as otherwise provided herein, the quorum for General Meetings shall be as provided in Section 103 of the Act.
31	The Chairperson of the Board or in his absence some other Director nominated by the Board, shall preside as Chairperson at every General Meeting of the Company. If at any Meeting, the Chairperson or in his absence such other nominated Director is not present within fifteen minutes after the time of holding the Meeting or if he is not willing to act as such, the Directors present shall elect one of themselves to be the Chairperson of the Meeting. However, if no Director is present, or if all the Directors present decline to take the Chair, the Members present shall choose one of the Members present to be the Chairperson of the Meeting.
32	At any General Meeting, a resolution put to the vote shall, unless a poll is demanded in accordance with the provisions of Section 109 of the Act, be decided in the manner as provided in the Act.
33	Except as provided in Article 35, if a poll is duly demanded it shall be taken in such manner as the Chairperson of the Meeting directs, and the result of the poll shall be deemed to be the resolution of the Meeting at which the poll is demanded. The demand for a poll may be withdrawn at any time by the person(s) who made the demand.
34	In the case of equality of votes, whether on a show of hands or on a poll or on e-voting, the Chairperson of the Meeting shall be entitled to a second or casting vote.
35	A poll demanded on the election of a Chairperson or on a question of adjournment of the Meeting shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairperson of the Meeting directs (not being more than forty-eight hours from the time when the demand was made), and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

Article No.	Description
ADJOURNMENT OF GENERAL MEETING	
36	(i) The Chairperson may, with the consent of any Meeting at which a quorum is present, and shall, if so directed by the Meeting, adjourn the Meeting from time to time and from place to place. (ii) No business shall be transacted at any adjourned Meeting other than the business left unfinished at the Meeting from which the adjournment took place. (iii) The Chairperson of the Meeting may also adjourn a Meeting in the event of disorder or other like causes, when it becomes impossible to conduct the Meeting and complete its business. (iv) When a Meeting is adjourned *sine die* or for thirty days or more, notice of the adjourned Meeting shall be given as in the case of an original Meeting. (v) Save as aforesaid, and as provided in Section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned Meeting.
VOTING RIGHTS	
37	Subject to any rights or restrictions for the time being attached to any class or classes of shares- (a) on a show of hands, every Member present in person shall have one vote; (b) on a poll, the voting rights of Members shall be in proportion to his share in the paid-up equity share capital of the Company. A Member may exercise his vote at a Meeting by electronic means in accordance with Section 108 of the Act.
38	(i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. (ii) For this purpose, seniority shall be determined by the order in which the names stand in the Register of Members.
39	A Member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll (including through e-voting), by his committee or other legal guardian, and such committee or guardian may on a poll vote by proxy, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the registered office or such other office of the Company as may from time to time be designated by the Board, not less than forty-eight hours before the time for holding the Meeting or adjourned Meeting at which such person claims to vote.
40	No Member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid or in regard to which the Company has exercised any right of lien.
41	(i) No objection shall be raised to the qualification of any voter except at the Meeting or adjourned Meeting at which the vote objected to is given or tendered, and every vote not disallowed at such Meeting shall be valid for all purposes. (ii) Any such objection made in due time shall be referred to the Chairperson of the Meeting, whose decision shall be final and conclusive.
PROXY	
42	The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the Company not less than forty-eight hours before the time for holding the Meeting or adjourned Meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not

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	less than twenty-four hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.
43	An instrument appointing a proxy shall be in the form as prescribed under Section 105 of the Act.
44	A proxy may be given by any Member to any person or persons who has attained majority and is of sound mind for any and every Meeting of the Company held at any time and at any and every adjournment of such Meeting, and shall be in force and of full effect and valid for that Meeting to which it relates or any adjournment thereof, until a revocation in writing shall have been received by the Company from the Member giving such proxy. The instrument appointing a proxy, where allowed, shall confer authority to demand or join in demanding a poll, but the proxy shall not be entitled to vote except on a poll and shall have no right to speak at the Meeting.
45	A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given. Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the Meeting or adjourned Meeting at which the proxy is used.
CORPORATIONS ACTING BY REPRESENTATIVES AT MEETING	
46	Any corporation which is a Member of the Company may by resolution of its Board or other governing body authorise such person as it may think fit to act as its representative at any Meeting of the Company or of any class of Members of the Company, and the person so authorised shall be entitled to exercise the same rights and powers, including the right to vote by proxy, through e-voting or by postal ballot, on behalf of the corporation which such person represents as that corporation could exercise if it were an individual Member of the Company.
BOARD OF DIRECTORS	
47	Until otherwise determined by the Company in General Meeting, the number of Directors of the Company shall not be less than 6 (six) nor more than 15 (fifteen).
48	(i) Subject to the applicable provisions of the Act and unless otherwise determined by the Company in General Meeting, the Directors of the Company, other than a Managing Director or Wholetime Director, may be paid fees for attending Meetings of the Board and / or Committees thereof, not exceeding the limit prescribed under the Act. (ii) Subject to the provisions of the Act, the remuneration of the Directors shall be determined from time to time by the Board. (iii) In addition to the remuneration payable to them in pursuance of the Act, the Directors may be paid all travelling, hotel and other expenses properly incurred by them - (a) in attending and returning from Meetings of the Board or any Committee thereof or General Meetings of the Company; or (b) in connection with the business of the Company.
RETIREMENT OF DIRECTORS	
49	(i) Not less than two-thirds of the total number of Directors of the Company shall be persons whose period of office is liable to determination by retirement of Directors by rotation and, save as otherwise expressly provided in the Act and these Articles, be appointed by the Company in General Meeting. (ii) The remaining Directors shall be appointed in accordance with the provisions of the Act and these Articles. (iii) At every Annual General Meeting, one-third of such of the Directors who for the time

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	being are liable to retire by rotation or, if their number is not three or multiple of three, then the number nearest to one-third, shall retire from office. A Director retiring at a Meeting shall retain office until the conclusion of that Meeting. (iv) Subject to the provisions of the Act and these Articles, the Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire shall, unless they otherwise agree among themselves, be determined by the order in which the resolution appointing / re-appointing such Director is passed by the Members. Subject to the provisions of the Act, a retiring Director shall retain office until the dissolution of the Meeting at which his re-election is decided or his successor is appointed. (v) Subject to the provisions of the Act and these Articles, a retiring Director shall be eligible for re-election.
50	The Company at the Meeting at which a Director retires in the manner aforesaid may fill the vacated office by electing the retiring Director or some other person hereto, and if the place of the retiring Director is not so filled up and the Meeting has not expressly resolved not to fill the vacancy, the Meeting shall stand adjourned till the same day in the next week at the same time and place, or if that day is a National Holiday, till the next succeeding day which is not a National Holiday at the same time and place, and if at the adjourned Meeting also, the place of the retiring Director is not filled and that Meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall, subject to the provisions of Section 152 of the Act, be deemed to have been re-elected.
51	The Board shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors shall not at any time exceed the number fixed by or in accordance with these Articles. Any Director so appointed to fill a casual vacancy shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated. An Additional Director shall hold office only until the conclusion of the next Annual General Meeting, and shall then be eligible for appointment. Such Additional Director shall not be taken into account in determining the Directors who are to retire by rotation at such Meeting.
52	In accordance with the provisions of Section 169 of the Act, the Company may by resolution remove any Director before the expiration of his period of office notwithstanding anything contained in these Articles or in any agreement between the Company and such Directors.
53	The Company may likewise by ordinary resolution appoint another person in place of a Director removed from office under the immediately preceding Article, and without prejudice to the powers of the Board under Article 51, the Company in General Meeting may appoint any person to be a Director either to fill a casual vacancy or as an addition to the Board. A person appointed in place of a Director so removed or to fill such vacancy shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected as a Director.
54	A Director may resign from his office upon giving notice in writing to the Company of his intention to do so, and such resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified by the Director in the notice, whichever is later.
55	The Board may appoint a person, not being a person holding directorship in the Company or alternate directorship for any other Director in the Company, to act as an Alternate Director for a Director during his absence for a period of not less than three months from India. Such appointment shall have effect and such appointee while he holds office shall be entitled to the notice of Meetings of the Board and to attend and vote thereat accordingly and generally to exercise all the rights and functions of the original Director subject to any limitations or restrictions as may be specified by the Board, but he shall ipso facto vacate office if and when the original Director returns to India or vacates office as a Director.
POWERS AND DUTIES OF THE BOARD	
56	The business of the Company shall be managed by the Board which may exercise all such powers of the Company as are not, by the Act or by these Articles, required to be exercised by the Company in General Meeting, subject, nevertheless, to any of these Articles, to the provisions of the Act, and to such regulations being not inconsistent with the these Articles or provisions, as may be prescribed by the Company in General Meeting, but no regulation made by the Company in General Meeting

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	shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.
57	Subject to the provisions of Sections 184 and 188 of the Act, no Director or Key Managerial Personnel shall be disqualified by his office from contracting with the Company, either as vendor, customer, guest, buyer or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director or Key Managerial Personnel shall be in any way interested be avoided, nor shall any Director or Key Managerial Personnel so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director or Key Managerial Personnel holding that office, or of fiduciary relations thereby established.
PROCEEDINGS OF THE BOARD AND BOARD COMMITTEES	
58	(i) The Board may meet for the conduct of business, adjourn and otherwise regulate its Meetings, as it may think fit. The Board may elect a Chairperson, one or more Vice-Chairperson and one or more Deputy Chairperson of its Meetings, and determine the period for which they are respectively to hold office. The Meetings of the Board shall be chaired by the Chairperson. If at the Meeting, the Chairperson is not present within fifteen minutes after the time appointed for holding the Meeting, the Vice-Chairperson and failing him, the Deputy Chairperson shall chair the Meeting. If no such Chairperson, Vice-Chairperson or Deputy Chairperson be elected, or if at any Meeting none of them is present within fifteen minutes after the time appointed for holding the Meeting, the Directors present shall choose one of their number to be the Chairperson of such Meeting. (ii) A Director may at any time, in consultation with the Chairperson of the Board or in his absence, the Managing Director, or in his absence, a Wholetime Director of the Company, summon a Meeting of the Board. (iii) The Company Secretary or any other person authorised by the Board in this behalf, on the requisition of a Director, may convene a Meeting of the Board, in consultation with the Chairperson of the Board or, in his absence, the Managing Director or, in his absence, a Wholetime Director of the Company.
59	(i) Save as otherwise expressly provided in the Act, questions arising at any Meeting of the Board shall be decided by a majority of votes. (ii) In case of an equality of votes, the Chairperson of the Meeting, if any, shall have a second or casting vote.
60	The continuing Directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a Meeting of the Board, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that fixed for the quorum, or of summoning a General Meeting of the Company, but for no other purpose. Further, where the number of Directors is reduced below the minimum fixed by these Articles, no business shall be transacted unless the number is first made up by the remaining Director(s) or through a General Meeting.
61	Save as otherwise provided by the Act or by these Articles and subject to the restrictions imposed by Section 179 of the Act, the Board may delegate all or any of the powers reposed in them by the Act or the Memorandum of Association or by these Articles, to any Committee(s) duly constituted and / or other person authorized by the Board or its committee.
62	A Committee of the Board may elect a Chairperson of its Meetings, if no Chairperson of the Committee is appointed by the Board. However, if no such Chairperson is appointed or elected, or if at any Meeting the Chairperson so appointed is not present within fifteen minutes after the time appointed for holding the Meeting, the members of the Committee present may choose one of their number to be the Chairperson of that Meeting.
63	(i) A Board Committee may meet and adjourn as it thinks fit.

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	(ii) Questions arising at any Meeting of a Board Committee shall be determined by a majority of votes of the Members present, and in case of an equality of votes, the Chairperson of the Committee shall have a second or casting vote.
64	(i) The quorum necessary for transaction of the business of the Board shall be as provided in Section 174 of the Act. (ii) A Meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers, and discretions by or under these Articles for the time being vested in or exercisable by the Board generally. (iii) The quorum for a Meeting of a Committee of the Board, unless otherwise determined by the Board or stipulated in the Act or any other law applicable to the Company, shall be two. (iv) Participation of the Directors in any Meeting of the Board or its Committee by video conferencing or by other audio-visual means shall also be counted for the purposes of quorum.
65	All acts done in any Meeting of the Board or of a Committee thereof or by any person acting as a Director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such Directors or of any person acting as aforesaid, or that they or any of them were disqualified or had vacated office or were not entitled to vote, be as valid as if every such Director or such person had been duly appointed and was qualified to be a Director.
66	A resolution passed by circulation and approved by the requisite number of Directors or the Members of a Committee of the Board, shall, except for the matters stipulated in the Act or any other law applicable to the Company, be as valid and effectual, as if it had been passed at a Meeting of the Board or its Committee, as applicable, duly called and constituted.
67	Every order or resolution which appears recorded as part of the proceedings of a Meeting, and notwithstanding it to be impeachable on any ground whatsoever, shall, so long as the order or resolution subsists unrescinded, be treated, recognised and acted upon as valid and binding on all the Members and their representatives, so far as the order or resolution of the Board can bind them, and shall be sufficient authority for all acts and proceedings in conformity therewith. Nevertheless, the Minute Book may be amended according to the fact where it shall be shown to be erroneous, and such correction may be made by the order of the Board or of a General Meeting, as the case may be.
MANAGING DIRECTOR, WHOLETIME DIRECTOR, CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER	
68	Subject to the provisions of the Act- (i) The Managing Director, Wholetime Director, Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer, as may be required, shall be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit. Further, the Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer may be removed by means of a resolution of the Board. (ii) A Director may be appointed as Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer.
69	Anything by the Act required or authorised to be done by or to the Company Secretary may, if the office is vacant or there is for any other reason no Company Secretary capable of acting, be done by or to any Deputy or Assistant Secretary, or if there is no Deputy or Assistant Secretary capable of acting, by or to any officer of the Company authorised generally or specially in that behalf by the Board. Provided that any provision of the Act or of these Articles requiring or authorising a thing to be done by or to a Director and the Company Secretary shall not be satisfied by it being done by or to the same person acting both as Director and as the Company Secretary.
COMMON SEAL	
70	The Board shall provide for the safe custody of the Common Seal ('Seal') of the Company and such Seal shall never be used except by the authority of the Board or a committee authorised in that behalf. Any document to which the Seal of the Company is affixed, other than share certificates, shall be signed by two Directors, or a Director and the Company Secretary or any person as the Board or the committee may authorise for this purpose, and such Director(s) and Company

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	Secretary or other person, as aforesaid, shall sign every document to which the Seal of the Company is so affixed in their presence.
DIVIDENDS AND RESERVE	
71	The Company in General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
72	Subject to the provisions of Section 123 of the Act, the Board may, from time to time, pay to the Members such interim dividends as appear to it to be justified by the profits of the Company.
73	(i) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit. (ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
74	(i) All dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares. (ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid on the share. (iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.
75	All unclaimed dividends will be dealt with in accordance with the provisions of the Act. No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law. No dividend shall bear interest against the Company.
76	Any dividend, interest or other monies payable in cash on or in respect of a share may be paid by cheque, draft or warrant sent to the registered address of the Member or any other person entitled thereto or through electronic or other mode of payment as permitted under law from time to time, and in the case of joint holders, to one of the joint holders who is first named in the Register of Members of the Company, or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque, draft or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders may direct and payment of the cheque, draft or warrant if purporting to be duly endorsed shall be a good discharge to the Company. Every such cheque, draft or warrant shall be sent to the order of the person to whom it is sent and at the risk of the person entitled to the money represented thereby.
PENSIONS AND ALLOWANCES	
77	The Board may establish and maintain or procure the establishment and maintenance of any non-contributory or contributory pension or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances or emoluments to any persons who are or were at any time in the employment or service of the Company, or of any Company which is subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary, or who are or were at any time Directors or officers of the Company or of any such other Company as aforesaid, and the wives, widows, families and dependants of any such person, and also establish and subsidise or subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of or to advance the interests and well-being of the Company or of any such other Company as aforesaid, or of any such person as aforesaid, and make payments for or towards the insurance of any such persons as aforesaid, and subject to the provisions of the Memorandum of Association and Section 181 of the Act, subscribe or guarantee money for any charitable or benevolent objects or for any exhibition, or for any public, general or useful object, and do any of the matters aforesaid either alone or in conjunction with any such other Company, as

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	aforesaid; subject always, if the Act shall so require, to particulars with respect to the proposed payment being disclosed to the Members of the Company and to the proposal being approved by the Company, and the Directors shall be entitled to participate in and retain for their own benefit any such donation, gratuity, pension, allowance or emolument.
WINDING UP	
78	In the event of the Company being wound up, the rights of the Members shall be as provided by the Act or any other law applicable to the Company, these Articles and as have been determined by the Company in General Meeting prior to such winding up.
79	Subject to the provisions of the Act, if the Company shall be wound up, the Liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide among the Members, in specie, the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The Liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the Liquidator shall think fit, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability.
ACCOUNTS	
80	(i) The Company shall cause proper books of accounts to be kept in accordance with the Act. (ii) Proper books of account shall not be deemed to be kept if such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions are not kept by the Company. (iii) The books of account shall be kept at the registered office, or at such other place or places as the Board thinks fit and shall be open to the inspection of the Directors of the Company during business hours. The Company may keep such books of account in electronic mode as prescribed under the Act.
81	(i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the books of accounts of the Company shall be open to the inspection of Members not being Directors. (ii) No Member (not being a Director) shall have any right of inspecting any books of accounts or document of the Company except as conferred by law or authorised by the Board or by the Company in General Meeting and subject to such conditions as may be prescribed for this purpose.
INDEMNITY	
82	Every Director and other officer of the Company shall be indemnified by the Company against, and it shall be the duty of the Board, out of the funds or assets of the Company, to pay all costs, losses and expenses which any such officer may incur or become liable to by reason of any contract entered into, or act or deed done by him as such officer or in any way in the discharge of his duties, including travelling expenses or in connection with any application under Section 463 of the Act in which relief is granted to him by the Court or the Tribunal.
83	No Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by the order of the Board or any other appropriate authority, for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the monies of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any monies, securities or effects shall be deposited or for any loss or damage occasioned by any error in judgement or oversight on his part, or for any loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.
OTHERS	
84	(i) Save as otherwise expressly provided in the Act or these Articles, a document or proceeding requiring authentication by the Company may be signed by a Director or Chief Executive Officer or Manager or Company Secretary or Chief Financial Officer

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	or an authorised officer or employee of the Company. (ii) Every Director, Chief Executive Officer, Manager, Chief Financial Officer, Company Secretary and other officer or employee of the Company shall observe strict secrecy respecting all transactions and affairs of the Company with the stakeholders and the state of the accounts with individuals and in matters relating thereto, and shall not reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by Directors or by law or required in furtherance to legitimate purposes or performance of duties or by the persons to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions contained in these presents.
85	No Member, not being a Director, in General or other Meeting of the Members shall be entitled, subject to these Articles, to require discovery of or any information respecting any detail of the Company's business or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board, will be inexpedient in the interest of the Members of the Company to communicate. In exercising their powers hereunder, the Board shall have absolute discretion and shall be under no obligation whatsoever to assign any reason for the decision made by it.
86	No Member, not being a Director, shall be entitled to enter the property of the Company or to inspect and examine the Company's premises or properties of the Company without the permission of the Board or as required by law.
87	Subject to the provisions of the Act, provisions of these Articles relating to issue, transmission, forfeiture, commission etc. of shares shall *mutatis mutandis* apply to issue, transmission, forfeiture, etc. of any other securities as permitted under the Act.
88	Notwithstanding anything contained in these Articles, wherever the Act or any other law for the time being in force provides that a right, privilege, authority or power to carry out any transaction shall be exercised only if the same is authorised by these Articles, such provision shall be deemed to be incorporated in these Articles without there being any specific Article in that behalf herein provided. If pursuant to the approval of these Articles, if the Act requires any matter previously requiring a special resolution is, pursuant to such amendment, required to be approved by an ordinary resolution, then in such a case these Articles hereby authorise and empower the Company and its Shareholders to approve such matter by an ordinary resolution without having to give effect to the specific provision in these Articles requiring a special resolution to be passed for such matter. Upon listing of the Equity Shares of the Company on Stock Exchanges, if the Articles become contrary to the provisions of the Securities and Exchange Board of India Act, 1992, and rules and regulations made thereunder ('SEBI Laws'), the provisions of SEBI Laws shall prevail over the Articles to such extent and the Company shall discharge all of its obligations as prescribed under the SEBI Laws.

This set of articles of association was adopted by the shareholders through a special resolution passed at the Extraordinary General Meeting held on December 31, 2024.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the Registered Office of our Company on any Working Day (i.e., Monday to Friday) between 10:00 a.m. and 5:00 p.m. from the date of filing of this Information Memorandum with the Stock Exchanges until the listing of Equity Shares on the Stock Exchanges. The said documents will also be available for inspection through electronic mode on the specific request from the concerned person made on the designated e-mail id of our Company i.e., investorservices@itchotels.in.

Documents for Inspection

1. Resolution of the Board of Directors of the Company dated August 14, 2023 approving the Scheme of Arrangement;
2. Observation letter no. NSE/LIST/37298_I dated January 19, 2024 for the Scheme of Arrangement from NSE;
3. Observation letter no. DCS/AMAL/JP/R37/3038/2023-24 dated January 19, 2024 for the Scheme of Arrangement from BSE;
4. Observation letter no. CSE/LD/15998/2024 dated January 22, 2024 for the Scheme of Arrangement from The Calcutta Stock Exchange Limited;
5. Scheme of Arrangement amongst ITC Limited and ITC Hotels Limited and their respective shareholders and creditors;
6. Order of the National Company Law Tribunal, Kolkata Bench, dated October 4, 2024, approving the Scheme of Arrangement;
7. BSE letter no. DCS/AMAL/JP/IP/3492/2024-25 dated January 17, 2025 granting in-principle approval for listing;
8. NSE letter no. NSE/LIST/148 dated January 17, 2025 granting in-principle approval for listing;
9. Tripartite Agreement dated October 17, 2024 with NSDL, Registrar and Share Transfer Agent and the Company;
10. Tripartite Agreement dated October 10, 2024 with CDSL, Registrar and Share Transfer Agent and the Company;
11. Memorandum and Articles of Association of the Company, as amended till date;
12. Certificate of incorporation of the Company dated July 28, 2023;
13. SEBI's letter bearing reference number SEBI/HO/CFD/CFD-RAC-DCR1/P/OW/2025/2078/1 dated January 20, 2025 granting relaxation of Rule 19(2)(b) of the SCRR as per the SEBI Circular as amended from time to time for the purpose of listing of the shares of ITC Hotels Limited;
14. Audited Financial Statements of ITC Hotels Limited for the period ended March 31, 2024 and September 30, 2024 along with the respective audit reports;
15. Industry Report – India Hotel Sector dated January 11, 2025 prepared by Crowe Horwath HTL Consultants Private Limited; and
16. Industry Report – Sri Lanka Hotel Sector dated January 11, 2025 prepared by Crowe Horwath HTL Consultants Private Limited.

Any of the contracts or documents mentioned in this Information Memorandum may be amended or modified at any time if so, required in the interest of our Company or if required by other parties, without reference to the Shareholders, subject to compliance with the applicable laws.

DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013, and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines or circulars issued by SEBI, as the case may be, have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities Contracts (Regulation) Rules, 1957, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines or circulars issued thereunder, as the case may be. I further certify that all the statements in this Information Memorandum are true and correct.

For and on behalf of the **Board of Directors of ITC Hotels Limited.**

Sd/-

Name: Sanjiv Puri
Designation: Chairman and Non-Executive Director
Date: January 22, 2025
Place: New Delhi

DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013, and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines or circulars issued by SEBI, as the case may be, have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities Contracts (Regulation) Rules, 1957, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines or circulars issued thereunder, as the case may be. I further certify that all the statements in this Information Memorandum are true and correct.

For and on behalf of the **Board of Directors of ITC Hotels Limited.**

Sd/-

Name: Kamal Bali
Designation: Independent Director
Date: January 22, 2025
Place: New Delhi

DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013, and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines or circulars issued by SEBI, as the case may be, have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities Contracts (Regulation) Rules, 1957, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines or circulars issued thereunder, as the case may be. I further certify that all the statements in this Information Memorandum are true and correct.

For and on behalf of the **Board of Directors of ITC Hotels Limited.**

Sd/-

Name: Indu Bhushan
Designation: Independent Director
Date: January 22, 2025
Place: Goa

DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013, and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines or circulars issued by SEBI, as the case may be, have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities Contracts (Regulation) Rules, 1957, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines or circulars issued thereunder, as the case may be. I further certify that all the statements in this Information Memorandum are true and correct.

For and on behalf of the **Board of Directors of ITC Hotels Limited.**

Sd/-

Name: Anil Chadha
Designation: Managing Director
Date: January 22, 2025
Place: Gurugram

DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013, and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines or circulars issued by SEBI, as the case may be, have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities Contracts (Regulation) Rules, 1957, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines or circulars issued thereunder, as the case may be. I further certify that all the statements in this Information Memorandum are true and correct.

For and on behalf of the **Board of Directors of ITC Hotels Limited.**

Sd/-

Name: Supratim Dutta
Designation: Non-Executive Director
Date: January 22, 2025
Place: Kolkata

DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013, and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines or circulars issued by SEBI, as the case may be, have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities Contracts (Regulation) Rules, 1957, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines or circulars issued thereunder, as the case may be. I further certify that all the statements in this Information Memorandum are true and correct.

For and on behalf of the **Board of Directors of ITC Hotels Limited.**

Sd/-

Name: Mukesh Gupta
Designation: Independent Director
Date: January 22, 2025
Place: Mumbai

DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013, and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines or circulars issued by SEBI, as the case may be, have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities Contracts (Regulation) Rules, 1957, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines or circulars issued thereunder, as the case may be. I further certify that all the statements in this Information Memorandum are true and correct.

For and on behalf of the **Board of Directors of ITC Hotels Limited.**

Sd/-

Name: Tablesh Pandey
Designation: Non-Executive Director
Date: January 22, 2025
Place: Prayagraj

DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013, and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines or circulars issued by SEBI, as the case may be, have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities Contracts (Regulation) Rules, 1957, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines or circulars issued thereunder, as the case may be. I further certify that all the statements in this Information Memorandum are true and correct.

For and on behalf of the **Board of Directors of ITC Hotels Limited.**

Sd/-

Name: Prathivadibhayankara Rajagopalan Ramesh
Designation: Independent Director
Date: January 22, 2025
Place: Bengaluru

DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013, and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines or circulars issued by SEBI, as the case may be, have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities Contracts (Regulation) Rules, 1957, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines or circulars issued thereunder, as the case may be. I further certify that all the statements in this Information Memorandum are true and correct.

For and on behalf of the **Board of Directors of ITC Hotels Limited.**

Sd/-

Name: Vrinda Sarup
Designation: Independent Director
Date: January 22, 2025
Place: New Delhi

DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013, and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines or circulars issued by SEBI, as the case may be, have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities Contracts (Regulation) Rules, 1957, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines or circulars issued thereunder, as the case may be. I further certify that all the statements in this Information Memorandum are true and correct.

For and on behalf of the **Board of Directors of ITC Hotels Limited.**

Sd/-

Name: Rajendra Kumar Singhi
Designation: Non-Executive Director
Date: January 22, 2025
Place: Goa

DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013, and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines or circulars issued by SEBI, as the case may be, have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities Contracts (Regulation) Rules, 1957, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines or circulars issued thereunder, as the case may be. I further certify that all the statements in this Information Memorandum are true and correct.

For and on behalf of the **Board of Directors of ITC Hotels Limited.**

Sd/-

Name: Ashish Thakar
Designation: Chief Financial Officer
Date: January 22, 2025
Place: Gurugram