

**REPORT OF THE DIRECTORS**

Your Directors present their Report together with the Audited Financial Statements for the period ended March 31, 2017.

The Corporation is a wholly owned subsidiary of ITC Infotech (USA) Inc., incorporated in the U.S.A.

**Principal Activities**

The Corporation is engaged in providing business development, consulting and other advisory services.

**Incorporation**

The Corporation was incorporated on 10th November, 2016 in the United States of America; consequent to the subscription of the entire share capital by ITC Infotech (USA), Inc., on 18th November, 2016, the Corporation became a wholly owned subsidiary of ITC Infotech (USA), Inc.

**INDEPENDENT AUDITORS' REPORT**

To ITC Infotech (USA), Inc., Sole Shareholder of Indivate Inc.

**Report on the Financial Statements**

We have audited the accompanying financial statements of Indivate Inc., which comprise the balance sheet as of March 31, 2017, and the related statement of operations and shareholder's equity, and cash flows for the period from November 18, 2016 (inception) through March 31, 2017 and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers

**Financial Results**

	(US\$)
	<b>2017</b>
Total Revenue	<b>78,010</b>
Operating Income /(Loss)	<b>(92,691)</b>
Profit/(Loss) After Tax	<b>(92,691)</b>

**Business Review**

The Corporation entered into a Business Services Agreement with ITC Limited with effect from February 1, 2017, to provide business consulting and other advisory services.

**Directors**

M/s. L. N. Balaji, S. Dutta and (Ms.) B. Parameswar, Directors of the Corporation, will retire at the Annual Meeting, and, being eligible, offer themselves for re-appointment.

On behalf of the Board

**Bhavani Parameswar**  
Director & President

May 5, 2017

internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indivate Inc. as of March 31, 2017 and the results of its operations and its cash flows for the period from November 18, 2016 (inception) through March 31, 2017 in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note B[1], the Indian Rupee equivalent figures have been included in the financial statements as required by ITC Infotech India Limited, the parent company of the Sole Shareholder for informational purpose only, and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

Iselin, New Jersey

May 5, 2017

**INDIVATE INC.****Balance Sheet as of March 31,**

	2017 (\$)	2017 (₹)
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	17,411	1,129,080
Due from ITC Limited	53,348	3,459,610
<b>Total current assets</b>	<b>70,759</b>	<b>4,588,690</b>
Equipment, furniture and fixtures	3,859	250,260
Less: Accumulated depreciation	226	14,667
	3,633	235,593
<b>Total Assets</b>	<b>74,392</b>	<b>4,824,283</b>
<b>Liabilities and Shareholder's Equity</b>		
<b>Current Liabilities</b>		
Accrued expenses and other current liabilities	13,112	850,296
Due to ITC Infotech (USA), Inc.	43,467	2,818,833
Accrued payroll and payroll taxes	10,504	681,160
<b>Total current liabilities</b>	<b>67,083</b>	<b>4,350,289</b>
Stockholder's equity (Paid in Capital included in shareholder's equity)	7,309	473,994
<b>Total Stockholder's Equity &amp; Liabilities</b>	<b>74,392</b>	<b>4,824,283</b>

On behalf of the Board

Bhavani Parameswar  
President

LN Balaji  
Director

Date: May 5, 2017

The accompanying notes are an integral part of these financial statements.

**Statement of Operations****For the Period From November 18, 2016 (Inception) Through March 31, 2017**

	<u>2017 (\$)</u>	<u>2017 (₹)</u>
Revenue		
Service income- Related party	<u>78,010</u>	5,058,956
Total Service income	<u>78,010</u>	5,058,956
General and administrative expenses	<u>170,701</u>	11,069,961
Operating (loss)	<u>(92,691)</u>	(6,011,005)
<b>Net (loss)</b>	<u><b>(92,691)</b></u>	<u><b>(6,011,005)</b></u>

On behalf of the Board

Date: May 5, 2017

Bhavani Parameswar  
PresidentLN Balaji  
Director

The accompanying notes are an integral part of these financial statements.

**Statement of Cash Flows****For the Period From November 18, 2016 (Inception) Through March 31, 2017**

	<u>2017 (\$)</u>	<u>2017 (₹)</u>
Cash flows from operating activities		
Net (loss)	<u>(92,691)</u>	(6,011,005)
Depreciation	<u>226</u>	14,667
Adjustments to reconcile net income to net cash (used in) / provided by operating activities		
Changes in assets and liabilities :		
Due from ITC Limited	<u>(53,348)</u>	(3,459,610)
Accrued expenses and other current liabilities	<u>13,112</u>	850,296
Due to ITC Infotech (USA), Inc.	<u>43,467</u>	2,818,833
Accrued payroll and payroll taxes	<u>10,504</u>	681,160
Net cash used in operating activities	<u>(78,730)</u>	(5,105,659)
Cash flows from investing activities		
Purchase of fixed assets	<u>(3,859)</u>	(250,260)
Net cash used in investing activities	<u>(3,859)</u>	(250,260)
Cash flows from financing activities		
Capital contribution from parent	<u>100,000</u>	6,485,000
Net cash provided by financing activities	<u>100,000</u>	6,485,000
Net decrease in cash and cash equivalents	<u>17,411</u>	1,129,080
Cash and cash equivalents at beginning of the year	<u>–</u>	–
Cash and cash equivalents at end of the year	<u><u>17,411</u></u>	<u><u>1,129,080</u></u>

On behalf of the Board

Date: May 5, 2017

Bhavani Parameswar  
PresidentLN Balaji  
Director

The accompanying notes are an integral part of these financial statements.

**NOTE A - BUSINESS BACKGROUND AND PRINCIPAL TRANSACTIONS WITH AFFILIATES**

Indivate Inc. (the "Company") is principally engaged in providing business consulting services to its customers. Its customers are related party entities that operate in India. The Company was formed as a New Jersey State incorporated company in 2016.

The Company's inception as a wholly owned subsidiary of ITC Infotech (USA), Inc. (the "Parent Company") was on November 18, 2016 and 100% of the shareholder interest is owned by ITC Infotech (USA), Inc.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****[1] Basis of presentation:**

The financial statements of the Company are prepared in accordance with accounting principles generally accepted in the United States of America, the country of formation. The amounts are represented in U.S. dollars. As required by ITC Infotech India Limited, the parent company of the Parent Company, the Indian Rupee equivalent figures, arrived at by applying the year end interbank exchange rate of US \$1 = ₹ 64.85 for the fiscal year ended

March 31, 2017 as provided by the Parent Company of the Sole Shareholder, have been included solely for informational purposes and is not in conformance with the provisions of FASB ASC 830-30 – *Foreign Currency Matters – Translation of Financial Statements* and U.S. GAAP.

**[2] Recognition of revenue:***Service revenue*

Service revenue is based upon services provided by the Company employee on customer assignments and is recognized when the work is performed. Substantially, the customers are invoiced on a monthly basis.

**[3] Cash and cash equivalents:**

For purposes of reporting cash flows, the Company considers all deposits in cash accounts which are not subject to withdrawal restrictions or penalties, and certificates of deposit with maturities of ninety days or less, when purchased, to be cash or cash equivalents.

**[4] Accounts receivable and allowance for doubtful accounts:**

Credit is extended based on evaluation of a customer's financial condition and, generally, collateral is not required. Accounts receivable are generally due within 30 to 60 days and are stated at amounts due from customers net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past due. The Company creates an allowance for accounts receivable based on historical experience and management's evaluation of outstanding accounts receivable. Accounts are written off when they are deemed uncollectible.

**[5] Computer equipment and furniture and fixtures:**

Computer equipment and furniture and fixtures purchased are stated at cost. Depreciation is provided under the straight-line method based upon the estimated useful lives of the assets, with such lives ranging up to four years.

**[6] Use of estimates:**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Although actual results could differ from those estimates, in the opinion of the management such estimates would not materially affect the financial statements.

**[7] Summary of recent accounting pronouncements:**

In May 2014, the FASB and the International Accounting Standards Board ("IASB") issued their final standard on revenue from contracts with customers. The standard, issued as ASU 2014-09 by the FASB and as International Financial Reporting Standards 15 by the IASB, outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that "an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that

reflects the consideration to which the entity expects to be entitled in exchange for those goods or services". This ASU is effective for annual reporting periods beginning after December 15, 2018 for all nonpublic entities. The Company does not expect the adoption of ASU 2014-09 will have any significant impact on the Company.

**[8] Employees stock based compensation:**

Employees of the Company have been granted options by the Company's ultimate parent, ITC Limited, to purchase shares of their common stock. Expense related to these stock options have been reflected in the statement of operations in the amount of \$43,467 (₹ 2,818,833) for the period from November 18, 2016 (Inception) through March 31, 2017.

**[9] Subsequent events:**

The Company evaluated subsequent events through May 5, 2017, the date the financial statements were available to be issued.

**NOTE C - RELATED PARTY TRANSACTIONS**

The Company has entered into various transactions with its related parties as follows:

	<u>2017 (\$)</u>	<u>2017 (₹)</u>
<u>Transactions with ITC Limited</u>		
Service / Account Management fees /		
others recognized as revenue by Indivate	<b>78,010</b>	5,058,956
Accounts receivable consist of trade accounts receivable and unbilled accounts receivable (representing services performed prior to the balance sheet date, but not invoiced to the customer until thereafter). Related parties receivable total \$53,348 (₹ 3,459,610) as of March 31, 2017.		
<u>Transactions with Parent Company</u>		
Costs for project consultations /		
other expenses, included in cost of		
revenues / general and administrative		
expenses	<b>43,467</b>	2,818,833