

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

Your Directors submit their Report for the financial year ended 31st March, 2019.

FINANCIAL RESULTS

Your Company's consolidated and standalone financial results for the year under review are provided below:

Year Ended March 31,	Consolidated(*) ₹ (crores)		Standalone ₹ (crores)	
	2019	2018	2019	2018
Total Income	2019.91	1652.10	1238.71	1020.28
Total Expenses	1864.51	1570.41	1116.39	965.14
Profit before Tax	155.40	81.69	122.32	55.14
Tax Expenses	51.50	(**) 41.27	45.86	27.46
Profit after Tax	103.90	40.42	76.46	27.68

(*) including the financial results of ITC Infotech Limited, UK (Infotech UK) and ITC Infotech (USA), Inc. (Infotech USA), wholly owned subsidiaries of your Company, and Indivate Inc., USA, a wholly owned subsidiary of Infotech USA.

(**) includes ₹6.59 crores on account of revaluation of Deferred Tax.

DIVIDEND

Your Directors are pleased to recommend the interim dividend of ₹8.25 (2018: ₹6/-) per Equity Share of ₹10/- each on 8,52,00,000 Equity shares, aggregating ₹70,29,00,000/-, declared by the Board of Directors on 25th March, 2019, as the final dividend for the financial year ended 31st March, 2019.

BUSINESS REVIEW

The Indian IT services and Business Process Management (BPM) industry witnessed a good year in 2018-19 with a growth of ~8.4% in constant currency dollar terms according to NASSCOM estimates. Growth in Indian rupee terms was aided by favourable forex.

The year 2018-19 saw the continuation of the digital transformation efforts by organisations in key industry verticals characterised by the shift in technology spends from legacy technologies to digital technologies. Keeping pace with this trend, IT services players are continuing their efforts to lower their cost of rendering "keep the lights on services" like Application and Infrastructure maintenance by using Artificial Intelligence and Automation in order to remain competitive and to protect their margins. In addition, investments are also being made by IT service providers in developing centers of excellence (CoEs), experience and design centers to collaborate with customers and develop proof of concepts and solutions in emerging digital technologies, in re-skilling employees in digital technologies and in strengthening alliances and partnerships with independent software vendors (ISVs) and startups in emerging technologies.

In this context, your Company's continued focus on providing best in class and domain led digital services and solutions to customers in select industry verticals and technology areas has yielded strong revenue growth in 2018-19. Your Company's revenue growth was fueled by strong growth in its digital lines of businesses.

Your Company saw strong double-digit growth in all its three major geographic markets of USA, Europe and Rest of the World (RoW). While good momentum was seen in existing accounts and in new business development in the USA market, growth in the Europe and RoW markets was driven by strong performance in existing accounts.

During the year, your Company's consolidated Revenue from Operations was ₹ 2006.64 crores (previous year ₹ 1644.49 crores), representing a growth of 22%, with Profit Before Tax of ₹ 155.40 crores (previous year ₹ 81.69 crores). Net Profit stood at ₹ 103.90 crores (previous year ₹ 40.42 crores).

Your Company successfully qualified for CMMI level 5 certification in 2018-19. This certification validates the process maturity of your Company in delivering high quality services with predictability. Your Company's superior service delivery and technology capabilities continue to earn global recognition. During the year, your Company was recognised in the 'Leadership Zone' for Enterprise Software in Zinnov Zones ER&D

2018 report and also was recognised amongst 'High Performers' in the HFS Blueprint report on Software Product Engineering Services. Gartner's report on Consulting and System Integration Service Providers for Robotic Process Automation and Avasant's Intelligent Automation RadarView 2018 reports recognised your Company's capabilities on automation.

During the year, your Company successfully organized the 4th edition of its annual technology innovation & co-creation platform – iTech. The event comprised of a start-up showcase of new age technologies around the themes of Industry 4.0, Health-tech and Fin-tech, a Codeathon for developing components of business applications and an automation challenge for ITC Infotech employees. The event witnessed strong participation across technology enthusiasts and start-ups, ITC Infotech's employees, clients and alliance partners.

The Indian IT industry body NASSCOM has not provided a growth forecast number for the Indian IT and BPM Industry in 2019-20 given the uncertain macro-economic outlook. The Company, however, will continue to drive strong growth by focusing on building business friendly solutions for select industry verticals, driving differentiation in its offerings through automation, acquiring high quality clients aligned to your Company's focus verticals and driving good performance in existing accounts. Enhancing employee experience and re-skilling employees in digital technologies will be important focus areas for your Company.

WHOLLY OWNED SUBSIDIARY COMPANIES

The audited financial statements of Infotech UK and Infotech USA, wholly owned subsidiaries of your Company, and Indivate Inc., USA, a wholly owned subsidiary of Infotech USA, for the financial year 2018-19 form part of the Annual Report of your Company for the financial year 2018-19.

The statement in Form AOC-1 containing the salient features of the financial statements of the subsidiaries of your Company is attached to the Financial Statements of the Company.

The highlights of performance of the subsidiaries of your Company and their contribution to the overall performance of your Company during the year under review is set out below:

Company	Revenue		Net Profit	
	2018-19	2017-18	2018-19	2017-18
Infotech UK (in GBP million)	49.11	42.44	1.57	1.27
Infotech USA(#) (in US \$ million)	96.46	87.64	3.65	1.94
Indivate Inc., USA (in US \$ million)	0.52	0.48	0.03	0.03

for the year under review, Infotech USA declared and paid a dividend of US\$ 10 per share (previous year: US\$ 8 per share) on 1,82,000 Common Shares-without par value aggregating US\$ 1.82 million (previous year : US\$ 1.46 million).

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Changes in Directors and Key Managerial Personnel during the year

The Members of the Company at the Extraordinary General Meeting held on 4th February, 2019, approved, subject to approval of the Central Government and such other approvals as may be necessary, the appointment of Mr. Sudip Singh (DIN:08345392) as Managing Director & Chief Executive Officer of your Company for a period of 5 years from 1st February, 2019; as Mr. Singh is a non-resident in terms of clause (e) of Part I of Schedule V to the Companies Act, 2013 (Act), necessary application has been filed seeking approval of the Central Government for the said appointment.

Ms. S. Rajagopalan (DIN:05337845) resigned as the Managing Director & Chief Executive Officer of your Company with effect from 1st February, 2019.

In accordance with the provisions of Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of your Company appointed Ms. Sheela Gopalakrishna Mukherjee (DIN:08069509) as Additional Non-Executive Director of your Company

with effect from 30th April, 2019 to hold office until the conclusion of the 23rd Annual General Meeting (AGM) of the Company.

Retirement by Rotation

In accordance with the provisions of Section 152 of the Act and Articles 143-145 of the Articles of Association of the Company, Mr. S. Sivakumar (DIN:00341392) and Mr. B. B. Chatterjee (DIN:00045140) will retire by rotation at the AGM of the Company and, being eligible, offer themselves for re-election.

BOARD COMMITTEES

Currently, there are three Board Committees – the Audit Committee, the Nomination and Remuneration Committee and the Corporate Social Responsibility Committee. The Terms of Reference of the Board Committees are determined by the Board from time to time. Meetings of the Board Committees are convened by the respective Committee Chairman. Matters requiring the Board's attention / approval, as emanating from the Board Committee meetings, are placed before the Board.

The composition of the Board Committees is provided below:

Audit Committee

The Audit Committee of your Company comprises Mr. R. Tandon (Chairman of the Committee), Mr. B. B. Chatterjee and Mr. P. Chatterjee. The Managing Director and the Chief Financial Officer are Invitees to the Committee. The Company Secretary serves as the Secretary to the Committee.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of your Company comprises Mr. S. Sivakumar (Chairman of the Committee), Mr. B. B. Chatterjee and Mr. P. Chatterjee.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of your Company comprises Mr. S. Sivakumar (Chairman of the Committee), Mr. B. B. Chatterjee and Mr. P. Chatterjee. The Managing Director and the Chief Financial Officer are Invitees to the Committee. The Company Secretary serves as the Secretary to the Committee.

BOARD / BOARD COMMITTEE MEETINGS

The number of Meetings of the Board / Board Committees held during the year under review:

	No. of meetings held
Board	5
Audit Committee	5
Nomination and Remuneration Committee	5
Corporate Social Responsibility Committee	2

ATTRIBUTES, QUALIFICATIONS AND APPOINTMENT OF DIRECTORS

As reported in previous years, the Nomination and Remuneration Committee of the Board adopted the attributes and qualifications as provided in Section 149(6) of the Act and Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014, to the extent applicable to Directors of the Company.

All the Non-Executive Directors of your Company are liable to retire by rotation, one-third of whom retire every year and are eligible for re-election. All the Non-Executive Directors are / were executives / directors of ITC Limited, the Holding Company, and fulfil the fit and proper criteria for appointment as Directors.

BOARD EVALUATION

The Board carried out for the year under review an evaluation of its own performance and that of the individual Directors and functioning of the Board Committees as required under the Act based on the criteria approved by the Nomination and Remuneration Committee. Reports on functioning of the Board Committees were placed before the Board by the respective Committee Chairman.

REMUNERATION POLICY

The Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and other employees of your Company is available on Company's website and can be accessed at <https://www.itcinfotech.com/compliance/>.

The salient features of the Policy, which remained unchanged during the year, are as below:

Remuneration practices in the Company are designed so as to align each employee with ITC Infotech's superordinate goal of enhancing value creation and to enable a congruence between individual aspirations and the Company's vision. The remuneration practices will continue to be anchored on the principles of fairness, equity and consistency and will be free of discrimination.

It is the Company's Policy:

1. To ensure that its Remuneration practices support and encourage meritocracy.
2. To ensure that Remuneration is market-led and takes into account the competitive context of the business.
3. To leverage Remuneration as an effective instrument to enhance performance and therefore to link remuneration to both individual and collective performance outcomes.
4. To adopt a comprehensive approach to Remuneration in order to support a superior quality of personal and work life, in a manner so as to judiciously balance short term with long term priorities.
5. To design Remuneration practices such that they reinforce the Company's values and culture and creates an organisation that is an Employer of Choice.

RISK MANAGEMENT

Your Company's Risk Management Policy and Framework is designed to bring robustness to the risk management processes within the Company and to address risks intrinsic to operations, financials and compliances arising out of the overall strategy of the Company.

Management of risks vests with the executive management responsible for the day-to-day conduct of the affairs of your Company. The Internal Audit Department of ITC Limited, as the Internal Auditors, periodically carries out risk focused audits which lead to identification of areas where risk management processes need to be strengthened. Further, the Corporate Audit Department of your Company, comprising identified managers, verifies compliance with laid down policies and procedures, and helps plug control gaps in the formulation of control procedures for newer areas of operation; their reports are provided to the Internal Auditors to enable a holistic approach to audit.

Management provides an annual update to the Audit Committee on the effectiveness of the Company's risk management systems and policies. The Audit Committee evaluates the effectiveness of risk management systems and provides reassurance to the Board.

INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financial controls with reference to the financial statements, commensurate with its size and scale of operations. The Internal Auditors evaluate the adequacy and efficacy of such internal financial controls. The Audit Committee provides guidance on internal controls, reviews internal audit findings and ensures that the internal audit recommendations are implemented.

During the year under review, no reportable material weakness in the design or operation of the internal financial controls in the Company was observed. Nonetheless your Company recognises that any internal financial control framework, no matter how well designed, has inherent limitations. Therefore, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Annual Report on CSR activities of your Company as required under Section 134(3)(o) read with Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014, is provided in **Annexure 1** to this Report.

Changes have been made in the CSR Policy to align the same with the amended Section 135 of the Act.

OTHER INFORMATION

I. CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Considering that your Company is in the business of providing information technology services and solutions, no comment is

required on conservation of energy and technology absorption.

Your Company requires minimal energy consumption and every endeavour has been made to ensure the optimal use of energy.

During the year under review, your Company has ensured effective recycling of waste paper resulting in saving 40 trees, 47 KL of water, 814 units of energy, and 2 cubic meters in landfill space.

Your Company continues to utilise wind energy generated by ITC Limited in Karnataka, where the power so generated is banked into the State Grid.

II. FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earnings of your Company during the year were ₹82,346 lakhs (previous year - ₹69,226 lakhs) while the outgoings were ₹16,588 lakhs (previous year - ₹15,515 lakhs).

III. PARTICULARS OF EMPLOYEES

The particulars of employees pursuant to Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in **Annexure 2** to this Report.

IV. EXTRACT OF ANNUAL RETURN

As per provisions of Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, the extract of the Annual Return in the Form MGT-9 is given in **Annexure 3**, forming part of this Report.

V. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, your Company has not given any loans, guarantees or made any investment under Section 186 of the Act.

VI. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The details of material transaction(s) entered into by your Company with its related party(ies) are provided in **Annexure 4** (AOC-2) to this Report. For this purpose, a transaction with a related party is considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the revenue from operations of the Company, as per its latest audited financial statements or ₹5000 lakhs, whichever is lower.

VII. COST RECORDS

Your Company, being in the business of providing information technology services and solutions, is not required to maintain cost records, as specified by the Central Government under sub-section (1) of Section 148 of the Act.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of knowledge and belief and according to the information and explanations obtained, your Directors, in terms of Section 134(3)(c) and 134(5) of the Act, confirm having:

- i. followed in the preparation of the Financial Statements for the financial year ended 31st March, 2019, the applicable accounting standards along with proper explanation relating to material departures, if any;
- ii. selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii. taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for

safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

- iv. prepared the Financial Statements for the financial year ended 31st March, 2019, on a going concern basis, and
- v. devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

During the year under review, no significant or material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its future operations.

AUDITORS

(a) Statutory Auditors

Your Company's Auditors M/s. Deloitte Haskins & Sells LLP, Firm Registration Number 117366W/W-100018 (DHS), Chartered Accountants, were appointed at the 21st Annual General Meeting held on 28th July, 2017, for a period of 5 (five) years to hold office until the conclusion of the 26th Annual General Meeting.

The Board, in terms of Section 142 of the Act and on the recommendation of the Audit Committee, has recommended for the approval of the Members the remuneration to DHS to conduct the audit of the Standalone Financial Statements and Consolidated Financial Statements for the financial year 2019-20.

Appropriate resolution seeking your approval in respect of the remuneration to DHS is included in the Notice convening the AGM.

(b) Secretarial Auditor

Your Company appointed M/s. K. Dushyantha & Associates, Company Secretaries, to conduct the secretarial audit of your Company for the financial year ended 31st March, 2019. The report of M/s. K. Dushyantha & Associates, in terms of Section 204 of the Act is provided in **Annexure 5** to this Report.

SECRETARIAL STANDARDS

Your Company has complied with the requirements of the Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Act.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company does not tolerate any sexual harassment at the workplace. In line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, and the Rules thereunder, the Company has in place an Internal Complaints Committee for conducting inquiry into the complaints received on harassments at the workplace.

During the year under review, two complaints were received by the Internal Complaints Committee of which one has been investigated and dealt with and the other is under investigation for substantiation.

ACKNOWLEDGEMENTS

Your Directors thank the customers and vendors for their continued support. Your Directors place on record their appreciation of the vital contribution made by employees at all levels and their unstinted support, hard work, solidarity and co-operation.

On behalf of the Board

Place: Kolkata	S. Sivakumar	S. Singh
Dated: 29th April, 2019	Vice Chairman	Managing Director

**ANNEXURE 1 TO THE REPORT OF THE BOARD OF DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019**

Annual Report on CSR Activities of the Company for the financial year ended 31st March, 2019

[Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	<p>ITC Infotech India Limited (ITC Infotech) being a wholly owned subsidiary of ITC Limited (ITC) will discharge its corporate social responsibility by aligning itself with the Corporate Social Responsibility (CSR) Policy of ITC.</p> <p>The Company will:</p> <ul style="list-style-type: none"> ✓ undertake CSR activities in areas or subjects specified in Schedule VII of the Companies Act, 2013 (Act); ✓ undertake CSR activities through a registered trust or a registered society or a company established under Section 8 of the Act by ITC; ✓ contribute to the Corpus of a registered trust or a registered society or a company established under Section 8 of the Act by ITC where (i) such trust / society / company is created exclusively for undertaking CSR activities or (ii) where the corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Act, and ✓ collaborate with ITC for undertaking CSR activities <p>CSR Policy is also available on the Company's website at : https://www.itcinfotech.com/wp-content/uploads/2018/05/corporate-social-responsibility-policy.pdf</p>
2.	Composition of the CSR Committee	<p>Mr. S. Sivakumar (Chairman of the Committee)</p> <p>Mr. B. B. Chatterjee</p> <p>Mr. P. Chatterjee</p>
3.	Average net profits of the Company for last three financial years	₹ 67,99,12,832
4.	Prescribed CSR Expenditure (two percent of the amount stated under 3 above)	₹ 1,35,98,256
5.	Details of CSR spent during the financial year (a) Total amount to be spent for financial year (b) Amount unspent, if any (c) Manner in which the amount spent during the financial year is detailed below:	<p>₹ 136 lakhs</p> <p>NIL</p>

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Contribution to the Corpus of ITC Rural Development Trust	Undertake rural development projects [covered under Clause (x) of Schedule VII to the Companies Act, 2013].	N.A	₹ 136 lakhs	₹ 136 lakhs	₹ 136 lakhs	Implementing Agency – ITC Rural Development Trust, Kolkata

The CSR Committee of the Board has confirmed that the implementation and monitoring of the CSR Policy is in compliance with CSR objectives and Policy of the Company.

Place : Kolkata
Dated : 29th April, 2019

S. Sivakumar
Chairman - CSR Committee

S. Singh
Managing Director

**ANNEXURE 2 TO THE REPORT OF THE BOARD OF DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019**

Information pursuant to Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Top ten employees in terms of remuneration drawn.								
Name	Age	Designation	Gross Remuneration ₹	Net Remuneration ₹	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment/ Position held
1	2	3	4	5	6	7	8	9
KUMAR VISHAL #	48	President - ROW	20963715	20963715	B.E.	26	13-Jan-03	PSI Data Systems Ltd. Sales & Marketing Manager
RAJAGOPALAN SUSHMA #####	55	Managing Director & Chief Executive Officer	14644026	7908754	M.B.A.	34	1-Aug-14	LiquidHub Inc. Global Partner
BATRA RAKESH ###	55	Chief Financial Officer	12434695	5644131	B.COM(H), FCA	33	1-Sep-06	-
KSHETRAPAL ADITYA	42	Vice President - Business Development	11909729	7754673	M.B.A.	18	10-Nov-14	Cappgemini India Private Ltd. Senior Manager
VENKATRAMAN SRINIVAS ##	39	General Manager - Business Development	11403917	6491502	B.E.	18	1-Oct-14	Suntec Business Solutions. Sales Director
"SAXENA SANDEEP ## (resigned during the year)"	37	General Manager - Business Development	10839111	3789381	M.B.A.	17	6-Jun-14	Hexaware Technologies New BD
RAJESH B.A.B #	51	General Manager - IT Services	10381940	6871398	B.Sc.	27	12-Jan-10	Bristlecone India Ltd. Manager - Delivery
OCHANI ANUP #	42	General Manager - Business Development	9652534	9652534	B.E.	21	12-Nov-07	Aptiva Consulting Project Manager
AKHAURY UMANG #	37	Senior Manager - Business Development	9609778	7136888	M.B.A.	12	8-Nov-15	Tata Consultancy Services Business Development Manager
SEN ARIJEET ##	36	General Manager - Business Development	9359403	6252322	M.B.A.	14	1-Nov-16	Senior Business Development Manager. Larsen & Toubro Technology Services Ltd.
Other employees employed throughout the year and in receipt of remuneration aggregating ₹ 1,02,00,000/-or more per annum - NIL								
Other employees employed for a part of the year and in receipt of remuneration aggregating ₹ 8,50,000/- or more per month								
Name	Age	Designation / Nature of Duties	Gross Remuneration ₹	Net Remuneration ₹	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment/ Position held
1	2	3	4	5	6	7	8	9
PATNI MUDIT #	38	General Manager - Business Development	7557850	4285974	PGDM	15	31-Dec-07	Patni Computers Systems Ltd. Assistant Manager- Business Development
SINGH SUDIP #####	46	Managing Director & Chief Executive Officer	5242187	3403958	M.B.A.	21	28-Jan-19	Infosys Ltd. Global Industry Head - Energy, Utilities, Resources & Services Segment
GHOSH SHUBHOBRA TO ##	34	Senior Manager - Business Development	5480807	2393403	M.B.A.	11	1-Aug-17	Cognizant Technology Solutions, Sweden Senior Manager - Business Development
KUMAR ANTHONY RAJ SURESH ##	35	Senior Manager - Business Development	3721177	2135238	M.B.A.	12	1-Jul-16	Quest Global Business Development Manager
KUMAR SHEELES H #	37	Lead Consultant	2869946	1693304	B.E.	14	25-Aug-16	Wipro Technologies Lead Consultant

Notes :

- # On secondment to a foreign branch; ## Employed directly by a foreign branch; gross and net remuneration converted into Indian Rupees at the average of the month end inter-bank exchange rate.
- ### On deputation from ITC Ltd., the holding company (ITC); remuneration borne by the Company as per the terms of deputation of his services.
- ##### Managing Director & Chief Executive Officer till 31.01.19; ##### Managing Director & Chief Executive Officer effective 01.02.19.
- Remuneration includes salary, performance effectiveness pay, allowances, incentives, severance pay, joining bonus, other benefits/applicable perquisites except contribution to the approved Pension Funds under the defined benefit scheme and Gratuity Funds and provisions for leave encashment which are actuarially determined on an overall Company basis. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.
- Net Remuneration comprises cash income less (a) income tax, surcharge (as applicable) & education cess deducted at source and (b) managers own contribution to provident fund.
- Some of the employees listed above have been granted (i) Stock Options by ITC in previous year(s) under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014], and (ii) Employee Stock Appreciation Linked Reward Units (ESAR Units) by ITC under its Stock Appreciation Linked Reward Plan. Since these Stock Options and ESAR Units are not tradeable, no perquisite or benefit is conferred upon the employee by grant of such Options / Units, and accordingly the said grant has not been considered as remuneration.
- All appointments are / were contractual in accordance with terms & conditions as per Company's rules.
- None of the above employees is a relative of any Director of the Company.

On behalf of the Board

Place : Kolkata
Dated : 29th April, 2019

S. Sivakumar
Vice Chairman

S. Singh
Managing Director

ANNEXURE 3 TO THE REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

FORM MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2019

Available on Company's website and can be accessed at
<https://www.itcinfotech.com/compliance>

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN	: U65991WB1996PLC077341
ii) Registration Date	: 16 th February, 1996
iii) Name of the Company	: ITC Infotech India Limited
iv) Category / Sub-Category of the Company	: Public Company / Limited by shares
v) Address of the Registered office and contact details	: Virginia House 37 J. L. Nehru Road, Kolkata 700 071, West Bengal, India Phone: +91-33-2288 9900 E-mail: secretarial.i3l@itcinfotech.com
vi) Whether listed company Yes / No	: No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	: N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1.	Computer programming, consultancy and related activities	620	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	ITC Limited Virginia House 37 J. L. Nehru Road, Kolkata – 700071	L16005WB-1910PLC001985	Holding	100.00	2(46)
2.	ITC Infotech (USA), Inc. 12 Route, 17 North, Suite 303, Paramus, New Jersey 07652, United States of America	N.A	Subsidiary	100.00	2(87)(ii)
3.	ITC Infotech Limited, UK Building 5, Caldecotte Lake Drive Caldecotte, Milton Keynes Buckinghamshire England, MK7 8LF	N.A	Subsidiary	100.00	2(87)(ii)
4.	Indivate Inc., USA 820, Bear Tavern Road, West Trenton, New Jersey 08628 United States of America	N.A	Subsidiary	100.00 <i>ITC Infotech (USA), Inc. holds the entire Share Capital</i>	2(87)(ii)(a)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	N.A
b) Central Govt	–	–	–	–	–	–	–	–	N.A
c) State Govt (s)	–	–	–	–	–	–	–	–	N.A
d) Bodies Corp.	–	8,52,00,000	8,52,00,000	100.00	–	8,52,00,000	8,52,00,000	100.00	Nil
e) Banks / FI	–	–	–	–	–	–	–	–	N.A
f) Any Other	–	–	–	–	–	–	–	–	N.A
Sub-total (A)(1):-	–	8,52,00,000	8,52,00,000	100.00	–	8,52,00,000	8,52,00,000	100.00	Nil
(2) Foreign									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	N.A
b) Other – Individuals	–	–	–	–	–	–	–	–	N.A
c) Bodies Corp.	–	–	–	–	–	–	–	–	N.A
d) Banks / FI	–	–	–	–	–	–	–	–	N.A
e) Any Other	–	–	–	–	–	–	–	–	N.A
Sub-total (A)(2):-	–	–	–	–	–	–	–	–	N.A
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	–	8,52,00,000	8,52,00,000	100.00	–	8,52,00,000	8,52,00,000	100.00	Nil

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	N.A
b) Banks / FI	-	-	-	-	-	-	-	-	N.A
c) Central Govt	-	-	-	-	-	-	-	-	N.A
d) State Govt(s)	-	-	-	-	-	-	-	-	N.A
e) Venture Capital Funds	-	-	-	-	-	-	-	-	N.A
f) Insurance Companies	-	-	-	-	-	-	-	-	N.A
g) FIs	-	-	-	-	-	-	-	-	N.A
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	N.A
i) Others (specify)	-	-	-	-	-	-	-	-	N.A
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	N.A
2. Non-Institutions	NOT APPLICABLE								
a) Bodies Corp									
i) Indian	-	-	-	-	-	-	-	-	N.A
ii) Overseas	-	-	-	-	-	-	-	-	N.A
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	N.A
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	N.A.
c) Others (specify)	-	-	-	-	-	-	-	-	N.A
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	N.A
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	N.A
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	N.A
Grand Total (A+B+C)	-	8,52,00,000	8,52,00,000	100.00	-	8,52,00,000	8,52,00,000	100.00	Nil

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	ITC Limited	8,52,00,000	100.00	Nil	8,52,00,000	100.00	Nil	Nil

(iii) Change in Promoters' Shareholding

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.	No change during the year			
	At the end of the year				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Not applicable

(v) Shareholding of Directors and Key Managerial Personnel: None of the Directors and Key Managerial Personnel hold any share in the Company in their individual capacity.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment – NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Amount in (₹ lakhs)

Sl. No.	Particulars of Remuneration	Sushma Rajagopalan (*) – Managing Director & CEO (Refer Note)	Sudip Singh (**) – Managing Director & CEO	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	130.07	49.69	179.76
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	10.61	0.02	10.63
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission – as % of profit – others, specify	–	–	–
5.	Others, please specify	–	–	–
	Total (A)	140.68	49.71	190.39
	Ceiling as per the Act (5% of the net profits of the Company computed in accordance with Section 198 of the Act.)			624.60

(*) Resigned as Managing Director & Chief Executive Officer w.e.f. 1st February, 2019.

(*) Had been granted Stock Options by ITC Ltd, the holding company, in previous year(s) under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. Since these Stock Options are not tradeable, no perquisite or benefit was conferred upon her by grant of such Options, and accordingly the said grant has not been considered as remuneration.

(**) Appointed as Managing Director & Chief Executive Officer of the Company w.e.f. 1st February, 2019.

B. Remuneration to other directors:

Amount in (₹ lakhs)

Sl. no.	Particulars of Remuneration	Name of Director Partho Chatterjee
1.	<u>Independent Directors</u>	
	• Fee for attending board / committee meetings	NA
	• Commission	NA
	• Others, please specify	NA
	Total (1)	NA
2.	<u>Other Non-Executive Directors</u>	
	• Fee for attending board / committee meetings	2.85
	• Commission	
	• Others, please specify	
	Total (2)	2.85
	Total (B)=(1+2)	2.85
	Total Managerial Remuneration (A+B)	193.24
	Overall Ceiling as per the Act (11% of the net profits of the Company computed in accordance with Section 198 of the Act.)	1,374.12

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Amount in (₹ lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Rakesh Batra (Chief Financial Officer)**	Sanjay V Shah (Company Secretary)**	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	102.38	75.46	177.84
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	17.73	12.60	30.33
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission – as % of profit – others, specify	–	–	–
5.	Others, please specify	–	–	–
	Total	120.11	88.06	208.17

** 1. On deputation from ITC Ltd, the holding company (ITC); remuneration borne by the Company as per the terms of deputation of services.

**2. Have been granted Stock Options by ITC in previous year(s) under its Employee Stock Option Schemes at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. ITC has also granted Employee Stock Appreciation Linked Reward Units (ESAR Units) under its Stock Appreciation Linked Reward Plan. Since these Stock Options and ESAR Units are not tradeable, no perquisite or benefit is conferred upon them by grant of such Options/Units, and accordingly the said grant has not been considered as remuneration.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Company / Directors / Other Officers in Default under the Companies Act, 2013 – None

On behalf of the Board

Place : Kolkata
Dated : 29th April, 2019S. Sivakumar
Vice ChairmanS. Singh
Managing Director

**ANNEXURE 4 TO THE REPORT OF THE BOARD OF DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019**

FORM AOC-2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis: **None**

2. Details of material contracts or arrangement or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	ITC Limited (Holding Company)
b)	Nature of contracts / arrangements / transactions	Sale of IT Services
c)	Duration of the contracts / arrangements / transactions	Continuing
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	<ul style="list-style-type: none"> - Provision of IT Services - Pricing based on arm's length margin - Monthly invoicing; payment upon receipt of invoice - Value of transactions during the year – ₹ 16,452 lakhs
e)	Date(s) of approval by the Board, if any	N.A
f)	Amount paid as advances, if any	Nil

a)	Name(s) of the related party and nature of relationship	ITC Infotech Limited, UK (Subsidiary)
b)	Nature of contracts / arrangements / transactions	Sale of IT Services
c)	Duration of the contracts / arrangements / transactions	Continuing
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	<ul style="list-style-type: none"> - Subcontracting of execution and management of customer contracts - Pricing based on arm's length margin - Periodic invoicing; payment within 90 days - Value of transactions during the year – ₹ 13,234 lakhs
e)	Date(s) of approval by the Board, if any	N.A
f)	Amount paid as advances, if any	Nil

a)	Name(s) of the related party and nature of relationship	ITC Infotech (USA), Inc. (Subsidiary)
b)	Nature of contracts / arrangements / transactions	Sale of IT Services
c)	Duration of the contracts / arrangements / transactions	Continuing
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	<ul style="list-style-type: none"> - Subcontracting of execution and management of customer contracts - Pricing based on arm's length margin - Periodic invoicing; payment within 90 days - Value of transactions during the year – ₹ 12,385 Lakhs
e)	Date(s) of approval by the Board, if any	N.A
f)	Amount paid as advances, if any	Nil

a)	Name(s) of the related party and nature of relationship	Russell Credit Limited (Russell), Fellow Subsidiary
b)	Nature of contracts / arrangements / transactions	Unsecured Inter-Corporate Loan of ₹ 10,000 lakhs from Russell
c)	Duration of the contracts / arrangements / transactions	Not exceeding two years commencing from the date of first disbursement of the loan.
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	<ul style="list-style-type: none"> - Simple Interest payable at 9.25% per annum - The Company may from time to time repay the loan in part or in full and may again borrow depending on business requirements provided that the total amount of loan outstanding at any point of time shall not exceed ₹ 10,000 lakhs - Loan received during the year Nil - Loan repaid during the year Nil - Interest paid during the year Nil
e)	Date(s) of approval by the Board, if any	7 th December, 2015 and 7 th December, 2017 4 th December, 2018 (Audit Committee)
f)	Amount paid as advances, if any	Nil

On behalf of the Board

Place : Kolkata
Dated : 29th April, 2019

S. Sivakumar
Vice Chairman

S. Singh
Managing Director

**ANNEXURE 5 TO THE REPORT OF THE BOARD OF DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019**

Form MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
ITC Infotech India Limited
Virginia House, 37, J L Nehru Road
Kolkata - 700071, West Bengal, India

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ITC Infotech India Limited ('the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company and its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion and to the best of our understanding, the Company has, during the audit period covering the financial year ended 31st March, 2019, complied with the statutory provisions listed hereunder and also that the Company has adequate Board-processes and compliance-mechanisms in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other relevant records maintained by the Company for the financial year ended 31st March, 2019, according to the applicable provisions of:

- a. The Companies Act, 2013 and the Rules made thereunder, and
- b. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder.

We have also examined forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2019 according to the applicable provisions of:

- a. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- b. Income-tax Act, 1961;
- c. The Payment of Bonus Act, 1965;
- d. CGST, SGST, IGST Rules;
- e. Shops & Establishment Act, 1961;
- f. The Employees' State Insurance Act, 1948;

We have also examined compliance with the applicable clauses of Secretarial Standards issued by the Institute of Company Secretaries of India.

On the basis of the audit as referred above and to the best of our knowledge, understanding and belief, we are of the view that during the period under review, the Company has complied with the applicable provisions of the Acts, Rules, Regulations, Standards, etc. mentioned above.

WE FURTHER REPORT THAT:

- a. The Board of Directors of the Company is duly constituted with proper balance of Executive Director and Non-Executive Directors. The changes in the composition of the Board of Directors of the Company that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013.
- b. Adequate Notices were given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in compliance with the provisions of the Companies Act, 2013, the Rules made thereunder and the Secretarial Standards as applicable and an appropriate system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c. Resolutions so passed in General and Board meetings of the Company that were conducted during the period of Audit, views if any expressed by the members and directors in their respective meetings are adequately and effectively captured and recorded as part of the minutes of such meetings and necessary filings were made to the Registrar for registration of the resolution of such meetings.
- d. There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Acts mentioned above, the Rules, Regulations and Guidelines framed under the said Acts against / on the Company, its Directors and Officers.

We further report that based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the Audit period, the Company has not incurred any specific event or action that can have a major bearing on the company's compliance responsibilities in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this Report.

For K Dushyantha & Associates
Company Secretaries in Practice

K. Dushyantha Kumar
CP No.: 6003
FCS No.: 6662
Date: 29th April, 2019
Place: Bengaluru

Annexure A

To,
The Members,
ITC Infotech India Limited
Virginia House, 37, J L Nehru Road
Kolkata-700071, West Bengal, India

Our Secretarial Audit Report for the financial year ended 31st March, 2019, of even date is to be read along with this letter.

Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For K Dushyantha & Associates
Company Secretaries in Practice

K. Dushyantha Kumar
C.P.No.: 6003
FCS No.:6662
Date: 29th April, 2019
Place: Bengaluru

INDEPENDENT AUDITOR'S REPORT

To The Members of ITC Infotech India Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of ITC Infotech India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of significant 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 standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone 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 (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone 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 obtained at the date of this auditor's report is Board's Report along with Annexures but does not include the standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our 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.

Management's Responsibility for the Standalone 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 standalone 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 Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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 standalone financial statement that

give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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 Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 financial 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 system 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 the 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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 Section 143(3) of the Act, based on our audit, we report 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 Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of

the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year read with Note 35 to the standalone financial statements is in accordance with the provisions of section 197 of 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 has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
 - ii. The Company has long-term contracts as at March 31, 2019 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at March 31, 2019.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Anand Subramanian

Place : Kolkata
Date : April 29, 2019

Partner
(Membership No. 110815)

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of ITC Infotech India Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India. 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 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 over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 control over financial reporting 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating

effectively as at March 31, 2019, based on 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.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Anand Subramanian
Partner
(Membership No. 110815)

Place : Kolkata
Date : April 29, 2019

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of the Company's fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - The Company has a program of verification of fixed assets to cover all the fixed assets in a phased manner, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, the fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause 3(i)(c) of the Order is not applicable.
- (ii) The Company is in the business of providing information technology and does not have any physical inventories. Accordingly, reporting under clause 3 (ii) of the Order is not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) The Company has not accepted any deposit during the year and did not have unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Act for the business activities carried out by the Company. Thus reporting under clause 3(vi) of the order is not applicable to the Company.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Goods and Service Tax, Customs Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.
 - There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Customs Duty, Value Added Tax, Goods and Service Tax, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
 - Detail of dues of Income-tax and Service Tax which have not

been deposited as on March 31, 2019 on account of disputes are given below:

Name of the statute	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount (₹ in lakhs)
Finance Act, 1994	Service tax including interest and penalty.	The Commissioner (Appeals), Bangalore	April 01, 2007 to June 30, 2011	114*
Income tax Act, 1961	Income tax	The Commissioner of Income Tax (Appeals), Kolkata	Assessment Year 2015 -16	948

* Net of amount deposited under protest Rs.15 lakhs.

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable to the Company.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act and Note 35 to the standalone financial statements.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Act are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Anand Subramanian
Partner
(Membership No. 110815)

Place : Kolkata
Date : April 29, 2019

BALANCE SHEET AS AT 31ST MARCH, 2019

	Note No.	As at 31st March, 2019 (₹ in Lakhs)	As at 31st March, 2018 (₹ in Lakhs)
I ASSETS			
1 Non-current Assets			
(a) Property, Plant and Equipment	2	3,466	4,006
(b) Other Intangible Assets	2	482	824
(c) Financial Assets			
(i) Investments	3 (a)	8,704	8,704
(ii) Loans	4 (a)	12	14
(iii) Others	5 (a)	144	-
(d) Deferred Tax Assets (Net)	8	2,702	2,020
(e) Other Non-Current Assets	9 (a)	1,747	3,412
Sub-Total		17,257	18,980
2 Current Assets			
(a) Financial Assets			
(i) Investments	3 (b)	14,011	3,605
(ii) Trade Receivables	6	18,768	19,841
(iii) Cash and Cash Equivalents	7	363	1,464
(iv) Loans	4 (b)	-	5
(v) Others	5 (b)	7,497	8,547
(b) Other Current Assets	9 (b)	1,282	583
Sub-Total		41,921	34,045
TOTAL		59,178	53,025
II EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share Capital	10	8,520	8,520
(b) Other Equity		37,097	35,509
2 Non-current Liabilities			
(a) Financial Liabilities			
(i) Others		22	-
(b) Provisions	11 (a)	1,635	1,532
Sub-Total		1,657	1,532
3 Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payable and Accrued expenses			
- Total outstanding dues of micro and small enterprises		108	87
- Total outstanding dues other than micro and small enterprises		2,783	2,446
(ii) Others	12	6,745	3,174
(b) Other Current Liabilities	13	1,329	1,109
(c) Provisions	11 (b)	939	648
Sub-Total		11,904	7,464
TOTAL		59,178	53,025

The accompanying notes 1 to 35 are an integral part of the Financial Statements.

This is the Balance Sheet referred to in our Report of even date.

For Deloitte Haskins & Sells LLP,

Firm Registration Number : 117366 W/W- 100018

Chartered Accountants

Anand Subramanian

Partner

Membership Number : 110815

Place : Kolkata

Date : 29th April, 2019

On behalf of the Board

S. Singh

Managing Director

S. Sivakumar

Vice Chairman

R. Batra

Chief Financial Officer

S. V. Shah

Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

	Note No.	For the year ended 31st March, 2019 (₹ in Lakhs)	For the year ended 31st March, 2018 (₹ in Lakhs)
I Revenue from Operations	14	121,268	100,293
II Other Income	15	2,603	1,735
III Total Income		123,871	102,028
IV Expenses			
Employee Benefits Expense	16	81,201	70,876
Finance Costs	17	-	12
Depreciation and Amortisation Expense	2	1,786	1,902
Other Expenses	18	28,652	23,724
Total Expenses		111,639	96,514
V Profit Before Tax (III-IV)		12,232	5,514
VI Tax Expenses	19 (a)		
Current Tax		5,393	3,109
Deferred Tax (Credit)		(807)	(363)
		4,586	2,746
VII Profit for the Period (V-VI)		7,646	2,768
VIII Other Comprehensive Income			
(a) Items that will not be reclassified subsequently to Profit or Loss			
- Remeasurement of Net Defined Benefit Liability	24(b)	359	546
- Less: Tax Relating to Items that will not be reclassified subsequently to Profit or Loss	19 (b)	125	191
(b) (i) Items that will be reclassified to Profit or Loss		-	-
(ii) Tax relating to items that will be reclassified to Profit or Loss		-	-
Total Other Comprehensive Income		234	355
IX Total Comprehensive Income for the Period (VII+VIII)		7,880	3,123
X Earnings Per Share (in ₹) (Face value ₹10 each)	25	8.97	3.25

The accompanying notes 1 to 35 are an integral part of the Financial Statements.

This is the Statement of Profit and Loss referred to in our Report of even date.

For Deloitte Haskins & Sells LLP,

Firm Registration Number : 117366 W/W- 100018

Chartered Accountants

On behalf of the Board

Anand Subramanian

Partner

Membership Number : 110815

Place : Kolkata

Date : 29th April, 2019

S. Singh

Managing Director

R. Batra

Chief Financial Officer

S. Sivakumar

Vice Chairman

S. V. Shah

Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

A. Equity Share Capital (₹ in Lakhs)

Balance at 1st April, 2017	Changes in Equity Share Capital during the year	Balance at 31st March, 2018	Changes in Equity Share Capital during the year	Balance at 31st March, 2019
8,520	-	8,520	-	8,520

B. Other Equity (₹ in Lakhs)

	Retained Earning	Capital Contribution for Share Based Payments	Total
Balance as at 1st April, 2017	28,120	6,879	34,999
- Profit for the Period	2,768	-	2,768
- Remeasurement of Net Defined Benefit Liability (Net of Tax)	355	-	355
Total Comprehensive Income	3,123	-	3,123
- Payment of Dividend @ INR 6.00/- per share on 8.52 cr. shares	(5,112)	-	(5,112)
- Income tax on Dividend paid	(848)	-	(848)
- Recognition of Share Based Payment	-	3,347	3,347
- Options Lapsed during the Year	78	(78)	-
Balance as at 31st March, 2018	25,361	10,148	35,509
- Profit for the Period	7,646	-	7,646
- Remeasurement of Net Defined Benefit Liability (Net of Tax)	234	-	234
Total Comprehensive Income	7,880	-	7,880
- Payment of Dividend @ INR 8.25/- per share on 8.52 cr. shares	(7,029)	-	(7,029)
- Income tax on Dividend paid	(1,178)	-	(1,178)
- Recognition of Share Based Payment (refer note 27)	-	1,915	1,915
- Options Lapsed during the Year	55	(55)	-
Balance as at 31st March, 2019	25,089	12,008	37,097

The accompanying notes 1 to 35 are an integral part of the Financial Statements.

This is the Statement of Changes in Equity referred to in our Report of even date.

For Deloitte Haskins & Sells LLP,

Firm Registration Number : 117366 W/W- 100018

Chartered Accountants

On behalf of the Board

Anand Subramanian

Partner

Membership Number : 110815

Place : Kolkata

Date : 29th April, 2019

S. Singh

Managing Director

R. Batra

Chief Financial Officer

S. Sivakumar

Vice Chairman

S. V. Shah

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

	For the year ended 31st March, 2019 (₹ in Lakhs)	For the year ended 31st March, 2018 (₹ in Lakhs)
A CASH FLOW FROM OPERATING ACTIVITIES :		
PROFIT BEFORE TAX	12,232	5,514
ADJUSTMENTS FOR :		
Depreciation and Amortisation Expense	1,786	1,902
Dividend Income from Subsidiary Company	(1,256)	(939)
Net Gain on Sale of Investments	(621)	(415)
Property, Plant and Equipment - (Gain) / Loss on Sale / Discarded (net)	32	48
Unrealised (Gain) / Loss on Exchange (net)	317	(225)
Share based Payments to Employees	1,440	2,499
Provision for Doubtful Receivables and Advances	527	276
Finance Costs - Interest expense	-	12
Liabilities no Longer Required Written Back	(232)	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>14,225</u>	<u>8,672</u>
ADJUSTMENTS FOR :		
Trade Receivables, Loans and Advances and Other Assets	1,761	(6,288)
Trade Payables, Other Liabilities and Provisions	4,200	374
CASH FROM OPERATIONS	<u>20,186</u>	<u>2,758</u>
Income Tax Paid	(3,726)	(3,527)
NET CASH FROM/ (USED) IN OPERATING ACTIVITIES	<u>16,460</u>	<u>(769)</u>
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Property, Plant and Equipment	(846)	(969)
Purchase of Current Investments	(165,600)	(127,250)
Sale / Redemption of Current Investments	155,814	134,077
Sale of Property, Plant and Equipment	3	9
Loans realised	-	17
Dividend Income from Subsidiary Company	1,256	939
NET CASH FROM / (USED) IN INVESTING ACTIVITIES	<u>(9,373)</u>	<u>6,823</u>
C CASH FLOW FROM FINANCING ACTIVITIES :		
Interim Dividend on Equity Shares	(7,029)	(5,112)
Income Tax on Interim Dividend	(1,178)	(848)
Proceeds from Borrowings	-	6,000
Repayments of Borrowings	-	(6,000)
Interest paid	-	(12)
NET CASH USED IN FINANCING ACTIVITIES	<u>(8,207)</u>	<u>(5,972)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(1,120)</u>	<u>82</u>
OPENING CASH AND CASH EQUIVALENTS	<u>1,431</u>	<u>1,349</u>
CLOSING CASH AND CASH EQUIVALENTS	<u>311</u>	<u>1,431</u>
CASH AND CASH EQUIVALENTS COMPRISE :		
Cash and Cash Equivalents as above	311	1,431
Unrealised (Loss) / Gain on Foreign Currency Cash and Cash Equivalents	52	33
Cash and Cash Equivalents (Note 7)	<u>363</u>	<u>1,464</u>

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard 7 "Statement of Cash Flows".

The accompanying notes 1 to 35 are an integral part of the Financial Statements.

This is the Cash Flow Statement referred to in our Report of even date.

For Deloitte Haskins & Sells LLP,
Firm Registration Number : 117366 W/W- 100018
Chartered Accountants

On behalf of the Board

Anand Subramanian
Partner
Membership Number : 110815

S. Singh
Managing Director

S. Sivakumar
Vice Chairman

Place : Kolkata
Date : 29th April, 2019

R. Batra
Chief Financial Officer

S. V. Shah
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

NATURE OF OPERATIONS

ITC Infotech India Limited ("the Company") is a wholly owned subsidiary of ITC Limited ("the Holding Company") providing information technology solutions and software development services. The Company is incorporated and domiciled in India and has its registered office at Kolkata, West Bengal, India.

1 SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013.

b) Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair value, as explained in the accounting policies. The functional currency of the Company is the Indian rupee (INR). These financial statements are presented in INR (rounded off to Lakhs).

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, the 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 17 – Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36 – Impairment of Assets.

The preparation of financial statements in conformity with Ind AS requires 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.

c) Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013 based on the nature of services rendered and their realisation in cash and cash equivalents.

d) Property, Plant and Equipment – Tangible Assets

Property, plant and equipment 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. 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 property, plant and equipment 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 property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the 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 property, plant and equipment 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.

The estimated useful lives of Property, Plant and Equipment are as follows:

Leasehold Properties - Building Improvement	Shorter of lease period or estimated useful lives
Plant and Equipment	5 - 15 Years
Furniture and Fixtures	10 Years
Motor Vehicles	8 Years
Office Equipment	5 Years
Computers, Servers and Networks	3 - 6 Years
Electrical Installations and Equipment	10 Years

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate. Cost of assets not ready for use before the year-end is treated as capital work-in-progress.

e) Intangible Assets

Intangible assets represent software. Software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees and costs of implementation/ system integration services. The costs are capitalised in the year in which the relevant software is implemented for use and is amortised on the straight-line method over a period not exceeding 5 years.

Intangible assets' residual values and useful lives are reviewed and adjusted if appropriate, at each Balance Sheet date.

f) Impairment of Assets

Impairment loss, if any, is provided to the extent that the carrying amount of assets exceed their recoverable amount.

Recoverable amount is higher of an asset's fair value less costs to sell 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 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 amortisation or depreciation) had no impairment loss been recognised in previous years.

There is no impairment of assets as at March 31, 2019 and March 31, 2018.

g) Foreign Currency Transactions

The presentation currency of the 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 foreign currency denominated monetary items are recognised in the Statement of Profit and Loss.

h) Derivatives

The Company uses derivative financial instruments, such as forward exchange contracts to hedge its foreign currency risks. 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.

i) Financial instruments, Financial assets, Financial liabilities and equity Instruments

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. 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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial Assets

Recognition: Financial assets include investments, trade receivables, advances, security deposits and cash and cash equivalents. Such assets are initially recognised at transaction price 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, 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, 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 being 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: The 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, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, 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.

De-recognition: Financial assets are derecognised 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 on Financial Assets: Dividend income is

recognized in the Statement of Profit and Loss as other income only when the Company's right to receive payments is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be measured reliably.

Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They 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 and on expiry.

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.

Investment in Subsidiaries

Investment in subsidiaries is carried at cost less impairment, if any, in the financial statements.

j) Revenue from Sale of Products and Services

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, as prescribed in the Standard. The effect on adoption of Ind AS 115 was not material.

Revenue is recognised at fair value of amounts received or receivable for products delivered and services rendered and is net of discounts, and excludes amounts collected on behalf of third parties, such as Service Tax, Sales Tax, Value Added Tax and Goods and Services Tax. Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

Revenue is recognised from services performed on a "time and material" basis, as and when the services are performed.

Revenue is recognised from services performed on "time bound fixed-price engagements" based on efforts expended using the percentage of completion method of accounting, if work completed can be reasonably estimated. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the period in which the change becomes known. Provisions for estimated losses on such engagements are made during the period in which a loss becomes probable and can be reasonably estimated.

Revenue is recognised from trading in software packages / licenses / hardware upon delivery to customer.

Amounts received or billed in advance of services performed are treated as unearned revenue (contract liability). Unbilled revenue (contract asset) represents amounts recognized based on services performed in advance of billing in accordance with contract terms.

k) Employee Benefits

The Company makes contributions to both defined benefit and defined contribution schemes which are mainly administered through duly constituted and approved Trusts.

The Company also makes contribution to defined benefit pension and gratuity plans. The cost of providing benefits under the defined benefit obligation is calculated by an 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 in Other Comprehensive Income in the period in which they occur.

The employees of the Company are entitled to compensated leave for which the Company records the liability based on actuarial valuation computed under projected unit credit method. This benefit is unfunded.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

l) **Employee Share Based Compensation**

Certain employees of the Company / the Holding Company on deputation are covered under the stock option plans / stock appreciation linked reward plan of the Holding Company. These Schemes are in the nature of equity settled / cash settled share based compensation and are assessed, managed / administered by the ultimate Holding Company.

In case of equity settled awards, the fair value of awards at the grant date is amortised on a straight line basis over the vesting period and cost recognized as employee benefits expense in the Statement of Profit and Loss with a corresponding credit in equity, net of reimbursements, if any. In case of cash settled awards, the fair value of awards at the grant date is initially recognized and remeasured at each reporting date, until settled, and cost recognized as employee benefits expense in the Statement of Profit and Loss with a corresponding increase in other financial liabilities.

m) **Leases**

Leases are recognised as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

n) **Taxes on Income**

Taxes on income comprises 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, in so far 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 a 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 realise the asset and settle the liability simultaneously.

o) **Dividend Distribution**

Dividends paid (including income tax thereon) are recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

p) **Operating Segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Management Committee (EMC).

Segment revenue arising from third party customers is reported on the same basis as revenue in the financial statements.

q) **Borrowing Cost**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as a part of cost of that asset. All other borrowing costs are charged to the Statement of Profit and Loss.

r) **Provisions**

Provisions are recognised when, as a result of a past event, the 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.

s) **Claims**

Claims against the Company not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

t) **New Accounting Pronouncements****Ind AS 116 Leases:**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e. the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessee. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Certain practical expedients are available under both the methods.

The Company is evaluating the requirements of the standard and the impact on the financial statements.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The impact on application of this Appendix is not material on the Financial Statements.

Amendment to Ind AS 12 – Income taxes:

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for taxes on dividend.

The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not expect any impact from this amendment.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

2 : PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS - 2018-19										
(₹ in Lakhs)										
DESCRIPTION	GROSS BLOCK				DEPRECIATION AND AMORTISATION			NET BLOCK		
	As at 1st April, 2018	Additions	Withdrawals / Adjustments	As at 31st March, 2019	As at 1st April, 2018	Charge for the Period	On Withdrawals/ Adjustments	As at 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018
(i) TANGIBLE ASSETS										
Leasehold Properties - Building Improvement	824	-	18	806	620	204	18	806	-	204
Plant and Equipment	397	6	11	392	78	30	9	99	293	319
Furniture and Fixtures	985	10	1	994	314	109	-	423	571	671
Motor Vehicles	11	-	2	9	5	2	1	6	3	6
Office Equipment	763	75	33	805	477	122	27	572	233	286
Computers, Servers and Networks	3,702	595	207	4,090	2,083	664	183	2,564	1,526	1,619
Electrical Installations and Equipment	1,321	95	1	1,415	420	155	-	575	840	901
SUB TOTAL	8,003	781	273	8,511	3,997	1,286	238	5,045	3,466	4,006
(ii) INTANGIBLE ASSETS										
Capitalised Software	2,468	158	-	2,626	1,644	500	-	2,144	482	824
SUB TOTAL	2,468	158	-	2,626	1,644	500	-	2,144	482	824
GRAND TOTAL	10,471	939	273	11,137	5,641	1,786	238	7,189	3,948	4,830

Note : The aggregate depreciation and amortisation charge for the year has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

2 : PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS - 2017-18										
(₹ in Lakhs)										
DESCRIPTION	GROSS BLOCK				DEPRECIATION AND AMORTISATION			NET BLOCK		
	As at 1st April, 2017	Additions	Withdrawals / Adjustments	As at 31st March, 2018	As at 1st April, 2017	Charge for the Period	On Withdrawals/ Adjustments	As at 31st March, 2018	As at 31st March, 2018	As at 31st March, 2017
(i) TANGIBLE ASSETS										
Leasehold Properties - Building Improvement	829	-	5	824	407	216	3	620	204	422
Plant and Equipment	397	1	1	397	51	27	-	78	319	346
Furniture and Fixtures	983	4	2	985	206	108	-	314	671	777
Motor Vehicles	11	-	-	11	3	2	-	5	6	8
Office Equipment	745	34	16	763	340	149	12	477	286	405
Computers, Servers and Networks	3,182	711	191	3,702	1,542	689	148	2,083	1,619	1,640
Electrical Installations and Equipment	1,326	6	11	1,321	273	150	3	420	901	1,053
SUB TOTAL	7,473	756	226	8,003	2,822	1,341	166	3,997	4,006	4,651
(ii) INTANGIBLE ASSETS										
Capitalised Software	2,204	264	-	2,468	1,083	561	-	1,644	824	1,121
SUB TOTAL	2,204	264	-	2,468	1,083	561	-	1,644	824	1,121
GRAND TOTAL	9,677	1,020	226	10,471	3,905	1,902	166	5,641	4,830	5,772

Note : The aggregate depreciation and amortisation charge for the year has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

		(₹ in Lakhs)				(₹ in Lakhs)	
		As at 31st March, 2019	As at 31st March, 2018			As at 31st March, 2019	As at 31st March, 2018
3. INVESTMENTS				4. LOANS			
3 (a) Non-Current				4 (a) Non-Current			
In Subsidiaries				Loans to Employees			
Investments in Equity Instruments- (At Cost) Unquoted				- Unsecured, Considered Good	12	14	
ITC Infotech Limited (UK)	687	687		Total	<u>12</u>	<u>14</u>	
6,85,815 (2018 - 6,85,815) Equity Shares of GBP 1 each, fully paid				4 (b) Current			
ITC Infotech (USA), Inc.	8,017	8,017		Loans to Employees			
1,82,000 (2018 - 1,82,000) Ordinary Shares without par value, fully paid				- Unsecured, Considered Good	-	5	
Total	<u>8,704</u>	<u>8,704</u>		- Unsecured, Considered Doubtful	22	22	
3 (b) Current					<u>22</u>	<u>27</u>	
Investment in Mutual Funds - Unquoted				Less : Allowance for Doubtful Loans	(22)	(22)	
SBI Liquid Fund - Growth - 1,69,656 Units of ₹ 1,000 Each	4,948	-		Total	<u>-</u>	<u>5</u>	
ICICI Prudential Liquid Fund - Growth - 17,86,373 Units of ₹ 100 Each	4,920	-		5 OTHER FINANCIAL ASSETS			
Aditya Birla Sun Life Liquid Fund - Growth - 13,85,601 Units of ₹ 100 Each	4,143	-		5 (a) Non-Current			
UTI Money Market Fund - Nil Units (2018 -1,85,840 Units) of ₹ 1,000 Each	-	3,605		Security Deposits (includes deposits for Company accommodations, offices etc.)	144	-	
Total	<u>14,011</u>	<u>3,605</u>		Total	<u>144</u>	<u>-</u>	

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	(₹ in Lakhs)		(₹ in Lakhs)	
	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018
5 (b) Current				
Unbilled Revenue - time and material basis*	6,982	8,142		
Security Deposits (includes deposits for Company accommodations, offices etc.)	90	193		
Foreign Currency Forward Contracts	235	14		
Advances (includes advance to employees)				
– Considered Good	190	198		
– Considered Doubtful	35	28		
	<u>225</u>	<u>226</u>		
Less : Allowance for Doubtful Advances	(35)	(28)		
Total	<u>7,497</u>	<u>8,547</u>		
* Right to consideration is unconditional upon passage of time				
6 TRADE RECEIVABLES				
Unsecured, Considered Good	18,768	19,841		
Unsecured, Considered Doubtful	723	248		
	<u>19,491</u>	<u>20,089</u>		
Less: Allowance for Doubtful Receivables	(723)	(248)		
Total	<u>18,768</u>	<u>19,841</u>		
7 CASH AND CASH EQUIVALENTS *				
Balances with Banks :				
Current Accounts	363	1,464		
Total	<u>363</u>	<u>1,464</u>		
* Cash and cash equivalents include cheques and drafts on hand and cash at bank with original maturity of 3 months or less				
8 DEFERRED TAX ASSETS (NET)				
Deferred Tax Assets	2,719	2,020		
Less: Deferred Tax Liabilities	17	-		
Deferred Tax Assets (Net)	<u>2,702</u>	<u>2,020</u>		
Movement in Deferred Tax				
	Opening Balance	Recognized in profit or loss	Recognized in OCI	Closing Balance
FY 2018-19				
Deferred Tax Assets :				
On provision for employees' separation and retirement etc.	894	510	(125)	1,279
On provision for doubtful receivables and advances	104	175	-	279
On fiscal allowances on property, plant and equipment	748	149	-	897
Other timing differences	274	(10)	-	264
Total Deferred Tax Assets	<u>2,020</u>	<u>824</u>	<u>(125)</u>	<u>2,719</u>
Deferred Tax Liabilities :				
Other timing differences	-	17	-	17
Total Deferred Tax Liabilities	<u>-</u>	<u>17</u>	<u>-</u>	<u>17</u>
Deferred Tax Assets (Net)	<u>2,020</u>	<u>807</u>	<u>(125)</u>	<u>2,702</u>
	Opening Balance	Recognized in profit or loss	Recognized in OCI	Closing Balance
FY 2017-18				
Deferred Tax Assets :				
On provision for employees' separation and retirement etc.	848	237	(191)	894
On provision for doubtful receivables and advances	197	(93)	-	104
On fiscal allowances on property, plant and equipment	566	182	-	748
Other timing differences	241	33	-	274
Total Deferred Tax Assets	<u>1,852</u>	<u>359</u>	<u>(191)</u>	<u>2,020</u>
Deferred Tax Liabilities :				
Other timing differences	4	(4)	-	-
Total Deferred Tax Liabilities	<u>4</u>	<u>(4)</u>	<u>-</u>	<u>-</u>
Deferred Tax Assets (Net)	<u>1,848</u>	<u>363</u>	<u>(191)</u>	<u>2,020</u>
9 OTHERS ASSETS				
9 (a) Non-Current				
Advances other than Capital Advances				
Advances with Statutory Authorities	66	65		
Other Advances (Unexpired Expenses)	82	82		
Advance Tax (Net of Provision for Income Tax)	1,599	3,265		
Total	<u>1,747</u>	<u>3,412</u>		
9 (b) Current				
Unbilled Revenue - percentage of completion *	614	-		
Advances other than Capital Advances				
Advances with Statutory Authorities	19	12		
Other Advances (includes prepaid expenses)	649	571		
Total	<u>1,282</u>	<u>583</u>		
*Contractual right to consideration is dependent on completion of contractual milestones. Company adopted cumulative catch up transition method as per Ind AS 115 including practical expedients permitted.				
10 EQUITY SHARE CAPITAL				
Authorised:				
8,60,00,000 (2018 - 8,60,00,000) Equity Shares of ₹10 each	8,600	8,600		
Issued and subscribed :				
8,52,00,000 (2018 - 8,52,00,000) Equity Shares of ₹10 each, fully paid	8,520	8,520		
(All equity shares are held by ITC, the Holding Company. The Equity Shares of the Company, having par value of ₹ 10 per share, rank pari passu in all respects including entitlement to dividend)				
Total	<u>8,520</u>	<u>8,520</u>		
11 PROVISIONS				
11 (a) Non- Current				
Provision for Employee Benefits*				
Retirement Benefits	512	349		
Compensated Absences	1,123	1,183		
Total	<u>1,635</u>	<u>1,532</u>		
11 (b) Current				
Provision for Employee Benefits*				
Retirement Benefits	498	310		
Compensated Absences	441	338		
Total	<u>939</u>	<u>648</u>		
*Includes provision for pension, gratuity and compensated absences. For details refer note 24.				
12 OTHER FINANCIAL LIABILITIES				
Current				
Employee Payable	6,491	3,026		
Foreign Currency Forward Contracts	23	70		
Other Liabilities [includes payables for property, plant and equipment ₹ 153 Lakhs (2018 - ₹ 60 Lakhs)]	231	78		
Total	<u>6,745</u>	<u>3,174</u>		
13 OTHER CURRENT LIABILITIES				
Statutory Dues	647	442		
Inter-company payable	471	-		
Unearned Revenue	139	607		
[Out of last year's amount of ₹ 607 Lakhs, revenue recognized in current year ₹ 607 Lakhs]				
Advances from Customers	72	60		
Total	<u>1,329</u>	<u>1,109</u>		
			(₹ in Lakhs)	
	For the year ended 31st March, 2019	For the year ended 31st March, 2018		
14 REVENUE FROM OPERATIONS				
Sale of Services*				
Exports	80,888	67,783		
Domestic	39,163	31,142		
Resale of Software and Hardware (including Support Charges)				
Exports	202	504		
Domestic	1,015	864		
Total	<u>121,268</u>	<u>100,293</u>		
* For disaggregated revenues from contracts with customers by geography, please refer Note 34 on Segment Reporting				

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2019	(₹ in Lakhs) For the year ended 31st March, 2018
15 OTHER INCOME		
Dividend Income	1,256	939
Other Gains	1,007	771
Miscellaneous Income	340	25
Total	2,603	1,735
Dividend income comprises dividend from:		
Investment in Subsidiary Company	1,256	939
	1,256	939
Other Gains		
Net Foreign Exchange Gains	386	356
Net Gain on Investments (includes unrealised gain of ₹ 38 Lakhs (2018 - ₹ 4 Lakhs))	621	415
	1,007	771
16 EMPLOYEE BENEFITS EXPENSE		
Salaries and Bonus	74,973	64,019
Contribution to Provident and Other Funds (Refer Note 24)	3,220	2,906
Share based Payments to Employees (Refer Note 27)	1,440	2,499
Staff Welfare Expenses	1,132	1,032
Reimbursement of Contractual Remuneration, net	436	420
Total	81,201	70,876
17 FINANCE COSTS		
Interest expense for financial liabilities classified as Fair Value Through Profit or Loss	-	12
Total	-	12
18 OTHER EXPENSES		
Rent (Refer Note 23)	1,711	1,693
Rates and Taxes	51	55
Insurance	605	500
Travelling and Conveyance	8,653	7,061
Recruitment Expenses	609	564
Communication	537	587
Power and Fuel	810	739
Outsourcing Charges	6,657	6,016
Software and Related Expenses	2,013	1,656
Purchase of Hardware and Software for Resale (including Support Charges)	835	1,012
Business Development Expenses	702	598
Repairs and Maintenance		
- Buildings	162	103
- Machinery	261	188
- Others	86	66
Legal, Professional and Consultancy Expenses	1,573	1,269
Doubtful and Bad Receivables	461	248
Doubtful and Bad Loans and Advances	66	28
Property, Plant and Equipment Discarded, net	32	57
Auditors' Remuneration and Expenses (Refer Note 26)	31	32
Expenditure on Corporate Social Responsibility (Refer Note 20)	136	207
Training and Development	460	460
Bank Charges	92	41
Printing and Stationery	23	21
Miscellaneous Expenses	2,086	523
[Includes contributions under Section 182 of the Companies Act, 2013 aggregating ₹ 1500 lakhs (2018: Nil)]		
Total	28,652	23,724
19 TAX EXPENSES		
19 (a) Tax Expense Recognised in Statement of Profit and Loss		
Current Tax	5,364	3,110
[including tax on foreign branches ₹ 107 Lakhs (2018 - ₹ 86 Lakhs)]		
Charge / (Credits) related to previous years	29	(1)
	5,393	3,109
Deferred Tax (Credit)	(807)	(363)
Total	4,586	2,746
19 (b) Tax Expense Recognised in Other Comprehensive Income		
Deferred Tax Charge		
Arising on Remeasurement of Net Defined Benefit Liability	125	191
Total	125	191
19 (c) The reconciliation between the income tax expenses and amounts computed by applying the standard rate of income tax to profit before taxes is as follows:		
Profit before tax	12,232	5,514
Income tax expense calculated at 34.944% (2018- 34.61%)	4,274	1,908
Effects of:		
- Effect of tax relating to uncertain tax positions	495	865
- Effect of different tax rate on certain items	(219)	(162)
- Other differences	7	157
- Change in Tax Rates	-	(21)
- Adjustments recognised in the current year in relation to the current tax of prior years	29	(1)
Income Tax expenses recognised in Statement of Profit and Loss	4,586	2,746

20 Expenditure on Corporate Social Responsibility

- a) Gross amount required to be spent by the Company during the year ₹ 136 Lakhs (2018 - ₹ 207 Lakhs).
- b) Amount spent during the year in cash for purpose other than construction / acquisition of an asset ₹ 136 Lakhs (2018 - ₹ 207 Lakhs).

21 Commitments and Contingencies

- a) There are contracts remaining to be executed on capital account and not provided ₹ 119 Lakhs (2018 - ₹ 18 Lakhs).
- b) Claims against the Company not acknowledged as debts ₹ 1097 Lakhs (2018 - ₹ 750 Lakhs). These comprise:
- Service tax claims disputed by the Company relating to issues of applicability aggregating ₹ 129 Lakhs (2018 - ₹ 126 Lakhs)
 - Income tax claims disputed by the Company relating to issues of applicability and determination aggregating ₹ 968 Lakhs (2018 - ₹ 624 Lakhs)

It is not practicable for the Company to estimate the closure of these issues and the consequential timing of cash flow, if any, in respect of the above. An amount of ₹ 15 Lakhs (2018 - ₹ 15 Lakhs) has been deposited under protest and is included under Other Non-Current Assets. (Refer Note 9(a))

22 Micro and Small Enterprises

The following details relating to Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

	(₹ in Lakhs)	
	31st March 2019	31st March 2018
(a) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year.		
Principal amount due	108	87
Interest amount due thereon	-	-
(b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(c) 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 the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

23 The lease rental charged during the period is ₹ 1,711 Lakhs (2018 - ₹ 1,693 Lakhs) (Refer Note 18).

The Company's significant leasing arrangements are in respect of operating leases for premises (office, residential, etc.). These leasing arrangements range between 4 months and 5 years generally, and are usually renewable by mutual consent on mutually agreeable terms.

The obligation on non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

	(₹ in Lakhs)	
	31st March 2019	31st March 2018
Not later than one year	316	-
Later than one year and not later than five years	325	-

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

24 Employee Benefits

Description of Plans

(a) Defined Contribution Plan

The Company makes regular monthly contributions to Provident Fund administered by the Government of India which is in the nature of defined contribution scheme and such amounts are recognised as expense in the Statement of Profit and Loss.

Amounts towards Defined Contribution Plans have been recognised under "Contribution to Provident and Other Funds" in Note 16 ₹ 1,712 Lakhs (2018 - ₹ 1,468 Lakhs).

(b) Defined Benefit Plan

The Company also makes contribution to defined benefit pension and gratuity plans. The cost of providing benefits under the defined benefit obligation is calculated by an 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 rerevaluations are recognised immediately through Other Comprehensive Income in the period in which they occur. The gratuity plan is funded, end of service gratuity in UAE is unfunded and the pension plan is partly funded.

The employees of the Company are entitled to compensated leave for which the Company records the liability based on actuarial valuation computed under projected unit credit method. This benefit is unfunded.

Risk Management

The defined benefit plans expose the Company to actuarial deficit arising out of investment risk, interest rate risk, salary cost inflation risk. These plans are not exposed to any unusual, entity specific or scheme specific risks but there are general risks. Investment risks may arise from volatility in asset values and losses arising due to impairment of assets. The Scheme's accounting liabilities are calculated using a discount rate set with reference to the Government security yields. A decrease in yields will increase the fund liabilities, leading to accounting deficit in the funds. However, this may be partially offset by an increase in capital value of the scheme assets that have similar characteristics. Increase in salary due to adverse inflationary pressures might lead to higher liabilities.

The Trustees monitor funding and investments positions and have mandated a diversified investment strategy in line with the statutory requirements. The investment strategy with respect to asset mix ensures that investment volatility risk is appropriately managed. Robust risk mitigation systems ensure that investments do not pose significant risk of impairment.

(₹ in Lakhs)

		For the year ended 31st March, 2019			For the year ended 31st March, 2018		
		Pension	Gratuity	Compensated absences	Pension	Gratuity	Compensated absences
		Partly Funded	Partly Funded	Unfunded	Partly Funded	Funded	Unfunded
I	Components of Employer Expense						
	- Recognised in Profit or Loss						
1	Current Service Cost	190	672	403	183	546	345
2	Net Interest Cost	16	8	87	11	2	76
3	Total expense recognised in the Statement of Profit and Loss	206	680	490	194	548	421
	- Re-measurements recognised in Other Comprehensive Income						
4	(Return) on plan assets (excluding amounts included in Net interest cost)	(14)	(6)	-	(125)	(69)	-
5	Effect of changes in demographic assumptions	(2)	(8)	1	-	12	(2)
6	Effect of changes in financial assumptions	(106)	1	-	(227)	(59)	(24)
7	Effect of experience adjustments	69	(216)	(78)	285	(226)	(111)
8	Total re-measurements included in OCI	(53)	(229)	(77)	(67)	(342)	(137)
9	Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (3+8)	153	451	413	127	206	284
The current service cost and net interest expense for the year pertaining to Pension and Gratuity expenses have been recognised in "Contribution to Provident and other funds" and Compensated absences in "Salaries and Bonus". The rerevaluations of the net defined benefit liability are included in Other Comprehensive Income.							
II	Actual Returns	266	211	-	337	233	-
III	Net (Asset)/Liability recognised in Balance Sheet						
1	Present Value of Defined Benefit Obligation	3,817	3,389	1,428	3,741	2,823	1,304
2	Short-term obligation w.r.t Overseas branches	-	-	136	-	-	217
3	Fair Value of Plan Assets	(3,355)	(2,841)	-	(3,360)	(2,617)	-
4	Status [(Surplus)/Deficit]	462	548	1,564	381	206	1,521
5	Restrictions on Asset Recognised	-	-	-	-	-	-
6	Net (Asset)/Liability recognised in Balance Sheet						
		As at 31st March, 2019			As at 31st March, 2018		
		Current	Non-Current		Current	Non-Current	
	- Pension	91	371		90	291	
	- Gratuity	407	141		206	-	
	- Compensated Absences	441	1,123		338	1,183	
		For the year ended 31st March, 2019			For the year ended 31st March, 2018		
		Pension	Gratuity	Compensated absences	Pension	Gratuity	Compensated absences
		Partly Funded	Partly Funded	Unfunded	Partly Funded	Funded	Unfunded
IV	Change in Defined Benefit Obligation (DBO)						
1	Present Value of DBO at the beginning of the year	3,741	2,941	1,304	3,326	2,560	1,242
2	Current Service Cost	190	672	403	183	546	345
3	Interest Cost	268	213	87	223	166	76
4	Remeasurement gains / (losses):						
	Effect of changes in demographic assumptions	(2)	(8)	1	-	12	(2)
	Effect of changes in financial assumptions	(106)	1	-	(227)	(59)	(24)
	Changes in asset ceiling (excluding interest income)	-	-	-	-	-	-
	Effect of experience adjustments	69	(216)	(78)	284	(226)	(111)
5	Benefits Paid	(343)	(214)	(289)	(48)	(176)	(222)
6	Present Value of DBO at the end of the year	3,817	3,389	1,428	3,741	2,823	1,304
	Best Estimate of Employers' Expected Contribution for the next year	As at 31st March, 2019			As at 31st March, 2018		
	- Pension	305			303		
	- Gratuity	1,167			922		
	- Compensated Absences	403			345		

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The following table sets out the Defined Benefit Plans / Long-Term Compensated Absences as per Actuarial Valuation as on 31st March, 2019 and recognised in the financial statements in respect of Employee Benefit Schemes:

(₹ in Lakhs)

V	Change in Fair Value of Assets	For the year ended 31st March, 2019			For the year ended 31st March, 2018		
		Pension	Gratuity	Compensated absences	Pension	Gratuity	Compensated absences
		Partly Funded	Partly Funded	Unfunded	Partly Funded	Funded	Unfunded
1	Plan Assets at the beginning of the year	3,360	2,617	-	2,929	2,256	-
2	Expected Return on Plan Assets	252	205	-	212	164	-
3	Remeasurement Gains/(Losses) on plan assets	14	6	-	125	69	-
4	Actual Company Contributions	72	227	-	142	304	-
5	Benefits Paid	(343)	(214)	-	(48)	(176)	-
6	Plan Assets at the end of the year	3,355	2,841	-	3,360	2,617	-

VI	Actuarial Assumptions	As at 31st March, 2019	As at 31st March, 2018
1	Discount Rate (%)	7.50%	7.50%
2	Expected Return on Plan Assets (%)	7.50%	7.50%
3	Long term rate of compensation increase	7%	7%

VII	The net liability disclosed in Pension relates to funded and unfunded plans as follows:	As at 31st March, 2019	As at 31st March, 2018
1	Present Value of Funded Obligation	3,446	3,406
2	Fair Value of Plan Assets	3,355	3,360
3	Deficit / (Surplus) of Funded Plan	91	46
4	Unfunded Plan	371	335
5	Net Deficit	462	381

VIII	Major Category of Plan Assets as a % of the Total Plan Assets	As at 31st March, 2019	As at 31st March, 2018
1	Government Securities/Special Deposit with RBI	28%	27%
2	High Quality Corporate Bonds	16%	18%
3	Insurer Managed Funds*	44%	44%
4	Mutual Funds	3%	3%
5	Cash and Cash Equivalents	6%	6%
6	Term Deposits	3%	2%

* In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

The fair value of Government Securities, Corporate Bonds, Mutual Funds are determined based on quoted market prices in active markets. The employee benefit plans do not hold any securities issued by the Company.

IX Basis used to determine the Expected Rate of Return on Plan Assets

The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are well diversified.

(₹ in Lakhs)

X	Net Asset / (Liability) recognised in Balance Sheet (including experience adjustment impact)	For the year ended 31st March, 2019			For the year ended 31st March, 2018		
		Pension	Gratuity	Compensated absences	Pension	Gratuity	Compensated absences
		Partly Funded	Partly Funded	Unfunded	Partly Funded	Funded	Unfunded
1	Present Value of Defined Benefit Obligation	3,817	3,389	1,428	3,741	2,823	1,304
2	Fair Value of Plan Assets	3,355	2,841	-	3,360	2,617	-
3	Status [(Surplus)/Deficit]	462	548	1,428	381	206	1,304
4	Experience Adjustment of Plan Assets [Gain/ (Loss)]	14	6	-	125	69	-
5	Experience Adjustment of obligation [(Gain)/ Loss]	69	(216)	(78)	285	(226)	(111)

XI Sensitivity Analysis

The sensitivity analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation and the asset value changes may offset the impact to some extent. For presenting the sensitivities, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of sensitivity analysis from previous year.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in Lakhs)

Sl. No.	Particulars	DBO as at 31st March, 2019	DBO as at 31st March, 2018
1	Discount Rate + 100 basis points	8,279	7,501
2	Discount Rate - 100 basis points	9,019	8,270
3	Long term Compensation Increase Rate + 1%	8,976	8,230
4	Long term Compensation Increase Rate - 1%	8,312	7,531

		For the year ended 31st March, 2019 (₹ in Lakhs)	For the year ended 31st March, 2018 (₹ in Lakhs)
25 Earnings per share			
(a) Profit after Tax	₹ in Lakhs	7,646	2,768
(b) Weighted average number of Equity Shares	No.	85,200,000	85,200,000
(c) Earnings Per Share (Face value of ₹ 10 per share) (Basic and Diluted)	₹	8.97	3.25
26 Auditors' Remuneration and Expenses (Net of input tax / service tax credit)			
Audit Fees		19	19
Tax Audit Fees		2	2
Fees for Auditors' Certifications and Reports		9	9
Reimbursement of Expenses		1	2
Total		31	32

27(i) The eligible employees of the Company, including employees deputed from ITC Limited (ITC), have been granted stock options by ITC under the ITC Employee Stock Option Schemes (ITC ESOS) and the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR) in accordance with the terms and conditions of such schemes, details of which are as under:

ITC ESOS:

Each option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of ITC of ₹ 1.00 each upon payment of exercise price. These options vest over a period of three years from the date of grant and are exercisable within a period of five years from the date of vesting. These options have been granted at 'market price' within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

ITC ESAR:

Under the ITC ESAR Plan, eligible employees would receive cash linked to appreciation in the value of the shares of ITC in accordance with the terms and conditions of this Plan. The stock appreciation reward (SAR) units vest over a period of five years from the date of grant and entitles each ESAR grantee to the appreciation for the total number of ESAR Units vested.

(ii) The cost of stock options granted under ITC ESOS / SARs granted under ITC ESAR have been recognized as equity settled / cash settled share based payments respectively in accordance with Ind AS 102 – Share Based Payment. In terms of said deputation arrangement, the Company has accounted for the cost of the fair value of options / SAR units granted to the deputed employees on-charge by ITC. The fair value of the options / SAR units granted is determined, using the Black Scholes Option Pricing model, by ITC for all the Optionees covered under ITC ESOS / ITC ESAR as a whole.

(iii) The summary of movement of such options granted by ITC and status of the outstanding options is as under:

Particulars	As at 31st March, 2019 No. of Options	As at 31st March, 2018 No. of Options
Outstanding at the beginning of the year	2,444,561	2,482,561
Add: Granted during the year @	–	396,530
Less: Lapsed during the year	(24,886)	(69,372)
Add / (Less): Movement due to transfer of employees within the group	–	69,390
Less: Exercised during the year	(399,677)	(434,548)
Outstanding at the end of the year	2,019,998	2,444,561
Options exercisable at the end of the year	1,615,852	1,578,757

Note: The weighted average exercise price of the options granted to all Optionees under the ITC ESOS is computed by ITC as a whole.

@ Includes Nil (2018- ₹ 81,090) options granted to the Key Management Personnel (KMP) of the Company.

Since such options are not tradeable, no perquisite or benefit is immediately conferred upon an employee by such grant.

(iv) In accordance with Ind AS 102, the Company has recognized an amount of ₹ 1,418 Lakhs (2018 - ₹ 2,499 Lakhs) towards ITC ESOS and ₹ 22 Lakhs (2018 - ₹ Nil) towards ITC ESAR (Refer Note 16) by way of share based payments. Such charge has been recognised as employee benefits expense and has been considered as capital contribution by ITC Limited, net of reimbursements, if any. Liability recognised for payments towards ITC ESAR is presented under non-current other financial liability of the financial statements.

Out of the above, ₹ 14 Lakhs (2018- ₹ 623 Lakhs) is attributable to key management personnel [Ms. S. Rajagopalan ₹ Nil Lakhs (2018 - ₹ 173 Lakhs); Mr. R. Batra ₹ 11 Lakhs (2018 - ₹ 168 Lakhs); Mr. A. Talwar ₹ Nil Lakhs (2018 - ₹ 131 Lakhs); Mr. V. Sreenivasan ₹ Nil Lakhs (2018 - ₹ 100 Lakhs); Mr. S.V. Shah ₹ 3 Lakhs (2018 - ₹ 51 Lakhs)].

28 Capital Management

The Company's financial strategy aims to foster its strategic priorities and provide adequate capital to its businesses to grow and invest for generating sustained stakeholder value. The Company funds its operations mainly through internal accruals. The Company aims at maintaining a strong capital base so as to maintain adequate supply of funds towards future growth of its businesses as a going concern.

The capital structure of the Company comprises only of equity as detailed in the Statement of Changes in Equity. The Company does not have any long-term debt obligation.

The Company is not exposed to any externally imposed capital requirements.

29 Categories of Financial Instruments

(₹ in Lakhs)

	As at 31st March, 2019		As at 31st March, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Measured at amortised cost				
Cash and Cash Equivalents	363	363	1,464	1,464
Trade Receivables	18,768	18,768	19,841	19,841
Loans	12	8	19	15
Other Financial Assets	7,406	7,406	8,533	8,533
	26,549	26,545	29,857	29,853

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in Lakhs)

	As at 31st March, 2019		As at 31st March, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Mandatorily measured at fair value through profit and loss (FVTPL)				
Investments in Mutual Funds	14,011	14,011	3,605	3,605
Foreign Currency Forward Contracts	235	235	14	14
	14,246	14,246	3,619	3,619
Total	40,795	40,791	33,476	33,472
Financial Liabilities				
Measured at amortized cost				
Trade Payables	2,891	2,891	2,533	2,533
Other Financial Liabilities	6,744	6,744	3,104	3,104
	9,635	9,635	5,637	5,637
Measured at fair value through profit and loss (FVTPL)				
Foreign Currency Forward Contracts	23	23	70	70
	23	23	70	70
Total	9,658	9,658	5,707	5,707

30 Financial Risk Management Objectives

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company continues to focus on a system-based approach to business risk management. The Company's financial risk management process seeks to enable the early identification, evaluation and effective management of key risks facing the business. Backed by strong internal control systems, the current Risk Management Framework rests on policies and procedures issued by appropriate authorities; process of regular reviews / audits to set appropriate risk limits and controls; monitoring of such risks and compliance confirmation for the same.

a) Market Risk

The Company's various business operations expose it to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such market risk may arise out of volatility in currency rates, interest rates and prices. The Company has in place appropriate risk management policies to limit the impact of these risks on its financial performance.

The Company ensures optimisation of cash through fund planning, robust cash management practices and manages interest rate risk and foreign exchange risk.

i) Foreign Currency Risk

The Company undertakes transactions denominated in foreign currency which results in exchange rate fluctuations. Such exchange rate risk primarily arises from transactions made in foreign exchange and reinstatement risks arising from recognised assets and liabilities, including net investments in foreign operations which are not in the Company's functional currency (INR). A significant portion of these transactions are in US Dollar (USD), Pound Sterling (GBP) and EURO.

The carrying amounts of the Company's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

(in Lakhs)

As at 31st March, 2019	USD	GBP	EURO	Others	Total
Financial Assets	17,437	5,197	2,037	2,843	27,514
Financial Liabilities	353	24	151	271	799

As at 31st March, 2018	USD	GBP	EURO	Others	Total
Financial Assets	11,020	5,786	2,384	2,158	21,348
Financial Liabilities	397	26	130	298	851

The Company uses Forward Exchange Contracts to hedge its exposures in foreign currency related to underlying transactions and firm commitments. The information on Derivative Instruments is as follows:

Forward Exchange Contracts outstanding as at year end which are not designated under hedge accounting:

(in Lakhs)

Currency	Cross Currency	31st March, 2019		31st March, 2018	
		Buy	Sell	Buy	Sell
GBP	USD	–	32	–	35
EUR	USD	–	8	–	23
USD	INR	–	150	–	199
ZAR	USD	–	130	–	155

Hedges of Foreign Currency Risk and Derivative Financial Instruments

The Company follows established risk management policies, including the use of derivatives to hedge against the volatility associated with the aforesaid exchange rate risk. The Company uses forward exchange contracts to hedge its transactional currency exposures in foreign currency related to underlying transactions and firm commitments and measures them at fair value. The counter party in these derivative instruments are generally highly rated counter parties such as banks and the Company considers the risk of non-performance by such counterparty as not material. The Company has not designated hedges under Hedge Accounting. These derivative instruments are carried at fair value with changes being recognised in the Statement of Profit and Loss. Although, such derivative instruments are not designated in a hedge relationship, they act as an economic hedge and will offset the gain / loss in the underlying transactions when they occur.

Foreign Currency Sensitivity

The sensitivity analysis arises on account of outstanding foreign currency denominated assets and liabilities, including derivative contracts. The Company considers a sensitivity of 10% (2018 - 10%) in applicable foreign currency rates, holding all other variables constant. In the event the exchange rate fluctuates by +10%, the profit before tax for the year ended 31st March, 2019 and pre-tax total equity as at 31st March, 2019 will be higher by ₹ 2,672 Lakhs (2018 - ₹ 2,050 Lakhs). If the change in rates decline by a similar percentage, there will be opposite impact of similar amount on profit before tax and pre-tax total equity.

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 non-interest bearing, the Company's net exposure to interest risk is negligible.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

iii) Price Risk

The Company invests its surplus funds primarily for short tenor in debt mutual funds measured at fair value through profit or loss. Aggregate value of such investments as at 31st March, 2019 is ₹ 14,011 Lakhs (2018 - ₹ 3,605 Lakhs). Accordingly, these do not pose any significant price risk.

b) Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations as they become due. The Company's investment decisions relating to deployment of surplus liquidity are guided by the tenets of safety, liquidity and return. The Company manages its liquidity risk by ensuring that it will always have sufficient liquidity to meet its liabilities when due. Considering the dynamic nature of the underlying businesses, the Company also maintains adequate committed credit lines.

The table below provides details regarding the remaining contractual maturities of significant financial liabilities at the reporting date.

(₹ in Lakhs)

As at 31st March, 2019 Contractual Cash flows*							
	Carrying value	Less than 3 months	More than 3 months upto 6 months	More than 6 months upto 1 year	More than 1 year upto 3 years	Beyond 3 years	Total
Trade Payables	2,891	2,891	-	-	-	-	2,891
Other Financial Liabilities	6,767	299	5,231	1,215	22	-	6,767
Total	9,658	3,190	5,231	1,215	22	-	9,658
As at 31st March, 2018 Contractual Cash flows*							
	Carrying value	Less than 3 months	More than 3 months upto 6 months	More than 6 months upto 1 year	More than 1 year upto 3 years	Beyond 3 years	Total
Trade Payables	2,533	2,533	-	-	-	-	2,533
Other Financial Liabilities	3,174	3,174	-	-	-	-	3,174
Total	5,707	5,707	-	-	-	-	5,707

* The table has been drawn up based on the earliest date on which the Company would be required to pay.

c) 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. Apart from its operating activities, wherein the Company deals with a large number of customers, the Company is also exposed to credit risk from its investing activities.

Financial instruments that are subject to concentration of credit risk principally consist of trade receivables.

Credit is extended to Customers after evaluating them against key parameters such as financial position, credit ratings, market intelligence, past experience etc., as may be appropriate. Trade receivables are monitored regularly. Concentration of credit risk, with respect to trade receivables, is limited, due to the Company's customer base being large and internationally dispersed. Some of the Company's key Customers have been transacting for many years and the incidence of bad debts is negligible.

The Company recognises provision for expected credit loss on an individual customer basis, based on internal reviews, which are conducted regularly and considers all aspects with respect to debts.

The movement of the expected loss provision made by the Company with respect to trade receivables are as under:

(₹ in Lakhs)

	As at 31st March, 2019	As at 31st March, 2018
Opening Balance	248	533
Effects of foreign exchange fluctuation	14	-
Add: Provisions Made	461	248
Less: Utilisation for Impairment / De-recognition	-	(533)
Closing Balance	723	248

The age wise break-up of trade receivables, net of allowance is given below:

(₹ in Lakhs)

	As at 31st March, 2019	As at 31st March, 2018
Overdue Period		
Less than 1 month	6,024	5,186
1 to 3 months	2,233	1,391
3 to 6 months	687	576
6 to 12 months	194	786
1 year to 2 years	66	395
2 years to 3 years	28	206
More than 3 years	-	14
Balances not yet due	9,536	11,287
Total	18,768	19,841

Investment in debt mutual funds are made only with approved mutual funds and credit risk in such funds are limited because the underlying investments are diversified and the Company's investment framework considers the credit quality of the underlying investments made by the fund house. There are limits for any exposure to financial institutions.

The carrying amount of financial assets, net of loss allowance recognized in accordance with Ind AS 109 and any amounts offset in accordance with Ind AS 32, that represents the Company's maximum exposure to credit risk as at 31st March, 2019 is ₹ 41,046 Lakhs (2018 - ₹32,012 Lakhs) represented by carrying amounts of Investments (except investments in subsidiaries), Trade Receivables, Unbilled Revenue, Loans, Other financial assets measured at amortised cost and Other financial assets measured at Fair Value.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

31 Fair Value Measurement

Fair value hierarchy

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price including within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case with listed instruments where market is not liquid and for unlisted instruments.

The fair value of trade receivables, loans, other financial assets, other financial liabilities and payables is considered to be equal to the carrying amounts of these items due to their short – term nature. There has been no change in the valuation methodology for Level 3 inputs during the year. There were no transfers between Level 1 and Level 2 during the year.

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

(₹ in Lakhs)

	Fair Value Hierarchy	Fair Value as at	
		31st March 2019	31st March 2018
Financial Assets			
Mandatorily Measured at Fair Value Through Profit and Loss (FVTPL)			
Investments in Mutual Funds	1	14,011	3,605
		14,011	3,605
Derivatives measured at fair value			
Foreign Currency Forward Contracts	2	235	14
		235	14
Total		14,246	3,619
Financial Liabilities			
Derivatives measured at fair value			
Foreign Currency Forward Contracts	2	23	70
		23	70
Total		23	70

32 Approval of Financial Statements

The financial statements were approved for issue by the Board of Directors on 29th April, 2019.

33 Comparatives

As required by Ind AS, comparative figures have been adjusted to conform to changes in presentation for the current financial year, where necessary.

34 Segment Reporting

The Company operates in a single business segment - information technology, basis which the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources. Geographical Information is given below :

(₹ in Lakhs)

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Segment Revenue		
India	40,178	32,006
North America	20,400	17,136
Europe	38,189	26,941
Middle East and Africa	19,441	16,737
Rest of the World	3,060	7,473
Total	121,268	100,293

(₹ in Lakhs)

	As at 31st March, 2019	As at 31st March, 2018
Non-Current Assets*		
India	5,647	8,218
Middle East and Africa	48	24
Total	5,695	8,242

* Non- Current Assets have been considered on the basis of physical location.

35 RELATED PARTY DISCLOSURES

(i) **HOLDING COMPANY:**
ITC Limited

(ii) **ENTERPRISES WHERE CONTROL EXISTS:**

Wholly Owned Subsidiaries:

ITC Infotech Limited (UK)

ITC Infotech (USA), Inc. and its wholly owned subsidiary Indivate Inc.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(iii)	OTHER RELATED PARTIES WITH WHOM THE COMPANY HAD TRANSACTIONS, etc.		
	Fellow Subsidiary Companies	Associates of the Holding Company	Employee Trusts
	Surya Nepal Private Limited	International Travel House Limited	ITC Management Staff Gratuity Fund
	Technico Agri Sciences Limited	ATC Limited	ITC Pension Fund
	North East Nutrients Private Limited		
	Fortune Park Hotels Limited		
	Russell Credit Limited		

(iv)	KEY MANAGEMENT PERSONNEL	
	Non-Executive Directors	Others
	Mr. Y.C. Deveshwar - Chairman	Ms. S. Rajagopalan, Managing Director, (up to 31st January, 2019)
	Mr. S. Puri - Sr. Vice Chairman (w.e.f. 17th August, 2017)	Mr. S. Singh, Managing Director, (w.e.f. 1st February, 2019)*
	Mr. S. Sivakumar - Vice Chairman	Mr. R. Batra, Chief Financial Officer
	Mr. B. B. Chatterjee	Mr. S. V. Shah, Company Secretary
	Mr. R. Tandon	Mr. A. Talwar
	Mr. P. Chatterjee	Mr. V. Sreenivasan

* As Mr. Singh is a non-resident in terms of clause (e) of Part I of Schedule V to the Companies Act, 2013, necessary application has been filed seeking approval of the Central Government for his appointment.

(v) **DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES** (₹ in Lakhs)

Sl. No.	Description	Holding Company		Wholly Owned Subsidiaries						Fellow Subsidiaries			
		2019	2018	2019			2018			2019	2018		
				ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	Indivate Inc.	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	Indivate Inc.				
1	Sale of Goods / Services	16,452	16,098	13,234	20,099	-	-	-	12,385	16,797	-	404	434
2	Purchase of Goods / Services	97	96	-	-	-	-	-	-	-	-	-	-*
3	Rent Paid	1,303	1,315	-	-	-	-	-	-	-	-	-	-
4	Reimbursement of Contractual Remuneration [includes remuneration to KMP ₹ 195 Lakhs (2018 - ₹ 197 Lakhs)]	449	420	-	-	-	-	-	-	-	-	-	-
5	Recovery of Contractual Remuneration	13	-	-	-	-	-	-	-	-	-	-	-
6	Expenses Recovered	13	21	260	-	-	-	265	162	-	-	-	-
7	Expenses Reimbursed	760	778	138	133	-	-	64	-	-	-	-	-
8	Capital Contribution for Share Based Payments	1,915	3,347	-	-	-	-	-	-	-	-	-	-
9	Employee Share Based Payments	22	-	-	-	-	-	-	-	-	-	-	-
10	Reimbursement of Capital Contribution for Share Based Payments	-	-	218	274	-	-	367	475	-	-	-	-
11	Loans Received (from Russell Credit Limited)	-	-	-	-	-	-	-	-	-	-	-	6,000
12	Loan Repaid (to Russell Credit Limited)	-	-	-	-	-	-	-	-	-	-	-	6,000
13	Interest Paid on Loans (to Russell Credit Limited)	-	-	-	-	-	-	-	-	-	-	-	12
14	Interim Dividend	7,029	5,112	-	-	-	-	-	-	-	-	-	-
15	Dividend Income	-	-	-	1,256	-	-	-	939	-	-	-	-

* Amount is below the rounding off norm adopted by the Company

(₹ in Lakhs)

Sl. No.	Description	Associates of the Holding Company		Employee Trusts		Key Management Personnel	
		2019	2018	2019	2018	2019	2018
1	Sale of Goods / Services	280	275	-	-	-	-
2	Purchase of Goods / Services	3,071	2,748	-	-	-	-
3	Remuneration to Key Management Personnel (KMP)						
	(i) Directors	-	-	-	-	191	141
	(ii) Others	-	-	-	-	150	135
4	Contribution to Employees' Benefit Plans	-	-	278	446	-	-

(vi) **DISCLOSURE OF OUTSTANDING BALANCES** (₹ in Lakhs)

Description	Holding Company		Wholly Owned Subsidiaries					
	2019	2018	2019			2018		
			ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	Indivate Inc.	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	Indivate Inc.
Balances as at 31st March,								
i) Trade Receivables	55	95	4,139	-	-	2,715	4,381	-
ii) Trade Payables	26	17	57	471	-	116	-	-

Description	Fellow Subsidiaries		Associates of the Holding Company	
	2019	2018	2019	2018
i) Trade Receivables	184	101	-	-
ii) Trade Payables	-	-	152	62

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(vii) INFORMATION REGARDING SIGNIFICANT TRANSACTIONS

(Generally in excess of 10% of the total transaction value of the same type)

(₹ in Lakhs)

Related Party Transactions	2019	2018	Related Party Transactions	2019	2018
Purchase of Goods / Services			Remuneration to Key Management Personnel (KMP)		
International Travel House Limited	3,071	2,748	Ms. S. Rajagopalan	141	139
			Mr. S. Singh	50	–
Contribution to Employees' Benefit Plans			Mr. R. Batra	114	112
ITC Management Staff Gratuity Fund	206	304	Mr. A. Talwar	77	64
ITC Pension Fund	72	142	Mr. V. Sreenivasan	73	71
			Mr. S. V. Shah	81	85

(viii) INFORMATION REGARDING SIGNIFICANT BALANCES

(Generally in excess of 10% of the total balance of the same type)

(₹ in Lakhs)

Related Party Balances	2019	2018
Trade Payables		
International Travel House Limited	152	62

(ix) COMPENSATION OF KEY MANAGEMENT PERSONNEL*

The remuneration of directors and other members of key management personnel during the year is as follows:

(₹ in Lakhs)

	2019	2018
Short-Term Employee Benefits	536	471
Others	3	3

*Post employment benefits are actuarially determined on overall basis, hence not separately available and not included above. Further, value of employee share based payments is not included above, refer note 27 for details.

(x) SIGNIFICANT TERMS AND CONDITIONS OF OUTSTANDING BALANCES

All outstanding balance are unsecured and are repayable in cash.

FORM AOC-1 (PURSUANT TO FIRST PROVISIO TO SUB-SECTION (3) OF SECTION 129 READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014) STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / ASSOCIATE COMPANIES / JOINT VENTURES PART A: SUBSIDIARIES				
(₹ in Lakhs)				
1	Sl. No.	1	2	3
2	Name of the Subsidiary	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	Indivate Inc. (Note 2)
3	The date since when subsidiary was acquired	19th June, 2001	24th May, 2001	18th November, 2016
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	Not Applicable	Not Applicable
5	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Reporting currency - GBP Exchange rate GBP 1 = ₹ 90.53	Reporting currency - USD Exchange rate USD 1 = ₹ 69.16	Reporting currency - USD Exchange rate USD 1 = ₹ 69.16
6	Share Capital	621	12,587	69
7	Reserves and Surplus	4,178	2,722	(25)
8	Total Assets	13,306	23,269	141
9	Total Liabilities	13,306	23,269	141
10	Investments (excluding Investments in subsidiaries)	–	–	–
11	Turnover (Note 1)	44,466	66,709	363
12	Profit before Taxation	1,489	3,016	21
13	Provision for Taxation	68	491	–
14	Profit after Taxation	1,421	2,525	21
15	Proposed Dividend (paid during the year)	–	1,259	–
16	Extent of Shareholding (%)	100%	100%	100%

Note 1: Turnover includes other income and other operating revenue.

Note 2: ITC Infotech (USA), Inc. holds 100% shareholding of Indivate Inc.

PART B: ASSOCIATES AND JOINT VENTURES – NOT APPLICABLE

On behalf of the Board

S. Singh
Managing Director

S. Sivakumar
Vice Chairman

Place : Kolkata
Date : 29th April, 2019

R. Batra
Chief Financial Officer

S. V. Shah
Company Secretary