REPORT OF THE DIRECTORS

Your Directors present their Report together with the Audited Financial Statements for the year ended March 31, 2019.

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

Principal Activities

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

Financial Results

($)

Year Ended March 31,	2019	2018
Total Revenue	524,152	475,267
Operating Income/(loss)	29,669	26,902
Profit/(Loss) After Tax	29,669	26,902

Business Review

The Corporation continues to provide business consulting and other advisory services to ITC Limited (ITC) pursuant to the Business Services Agreement with ITC.

The services provided to ITC primarily include trendspotting, market evaluation and research, analysis of emerging regulatory frameworks and consumer preferences in identified business segments. The Corporation also undertakes business development activities towards enhancing the sales for the goods and services of ITC in the US market.

Directors

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

Auditors

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, India, Firm Registration Number 117366W/W-100018, Auditors of the Corporation, offer themselves for re-appointment as Auditors of the Corporation to audit the Financial Statements of the Corporation for the financial year ending March 31, 2020.

On behalf of the Board
Bhavani Parameswar
Director & President

April 29, 2019

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Indivate Inc.

We have audited the accompanying financial statements of Indivate Inc., (a wholly owned subsidiary of ITC Infotech (USA), Inc.) which comprise the balance sheet as of March 31, 2019 and 2018, and the related statement of operations and retained earnings and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion on Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indivate Inc. as of March 31, 2019 and 2018 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note B [1] to the financial statements, the Indian Rupee equivalent figures have been included in the financial statements as required by the Parent company of ITC Infotech (USA), Inc. for informational purposes only, and is not a representation in conformity with principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Deloitte Haskins & Sells LLP
Kolkata, India
April 29, 2019

INDIVATE INC.
BALANCE SHEET AS OF MARCH 31,

	2019 ($)	2019 (₹)	2018 ($)	2018 (₹)
Assets				
Current assets				
Cash and cash equivalents	199,587	13,803,437	85,725	5,587,557
Due from ITC Limited	—	—	142,545	9,291,083
Total current assets	199,587	13,803,437	228,270	14,878,640
Equipment, software, furniture and fixtures and leasehold improvements	3,859	266,888	3,859	251,530
Less: Accumulated depreciation and amortization	2,156	149,109	1,191	77,629
	1,703	117,779	2,668	173,901
Other assets, principally unsecured advances	3,143	217,370	5,680	370,222
	204,433	14,138,586	236,618	15,422,763
Liabilities and Stockholder's Equity				
Current liabilities				
Accounts payable	1,721	119,024	5,705	371,852
Accrued expenses and other current liabilities	9,535	659,440	9,532	621,296
Accrued payroll and payroll taxes	120,948	8,364,764	52,582	3,427,293
Due to ITC Infotech (USA), Inc.	8,349	577,417	134,588	8,772,444
Total current liabilities	140,553	9,720,645	202,407	13,192,885
Stockholder's equity				
Paid up Capital	100,000	6,916,000	100,000	6,518,000
Additional paid-in capital	—	—	—	—
Retained earnings	(36,120)	(2,498,059)	(65,789)	(4,288,122)
Total Stockholder's equity	63,880	4,417,941	34,211	2,229,878
	204,433	14,138,586	236,618	15,422,763

On behalf of the Board

Date: April 29, 2019

Bhavani Parameswar, Director and President
LN Balaji, Director

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

STATEMENT OF OPERATIONS AND RETAINED EARNINGS FOR THE YEARS ENDED MARCH 31,

	2019 ($)	2019 (₹)	2018 ($)	2018 (₹)
Revenue				
Service income- Related party	524,152	36,250,352	475,267	30,977,903
Total Service income	524,152	36,250,352	475,267	30,977,903
Cost of revenues, principally employment costs	494,483	34,198,444	448,365	29,224,431
Gross profit	29,669	2,051,908	26,902	1,753,472
General and administrative expenses	—	—	—	—
Operating Income/(loss)	29,669	2,051,908	26,902	1,753,472
Less: Income tax	—	—	—	—
Net Income/(loss)	29,669	2,051,908	26,902	1,753,472
Retained earnings at beginning of year	(65,789)	(4,549,967)	(92,691)	(6,041,594)
Retained earnings at end of year	(36,120)	(2,498,059)	(65,789)	(4,288,122)

On behalf of the Board

Date: April 29, 2019

Bhavani Parameswar, Director and President

LN Balaji, Director

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

STATEMENT OF CASH FLOWS YEARS ENDED MARCH 31,

	2019 ($)	2019 (₹)	2018 ($)	2018 (₹)
Cash flows from operating activities				
Net income	29,669	2,051,908	26,902	1,753,472
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	965	66,739	965	62,899
(Increase) decrease in assets				
Due from ITC Limited	142,545	9,858,412	(89,197)	(5,813,860)
Other assets, principally unsecured advances	2,537	175,459	(5,680)	(370,222)
Increase (decrease) in liabilities				
Accounts payable	(3,984)	(275,533)	5,705	371,852
Accrued expenses and other liabilities	3	207	(3,580)	(233,344)
Accrued payroll and payroll taxes	68,366	4,728,193	42,078	2,742,644
Due to ITC Infotech (USA), Inc., net	(126,239)	(8,730,689)	91,121	5,939,267
Net cash provided by / (used in) operating activities	113,862	7,874,696	68,314	4,452,708
Cash flows from investing activities				
Capital expenditures	—	—	—	—
Net cash used in investing activities	—	—	—	—
Capital contribution from parent		—		—
Net cash used in financing activities	—	—	—	—
Net increase (decrease) in cash and cash equivalents	113,862	7,874,696	68,314	4,452,708
Cash and cash equivalents at beginning of year	85,725	5,928,741	17,411	1,134,849
Cash and cash equivalents at end of year	199,587	13,803,437	85,725	5,587,557

On behalf of the Board

Date: April 29, 2019

Bhavani Parameswar, Director and President

LN Balaji, Director

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

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2019 AND 2018

NOTE A - BUSINESS BACKGROUND AND PRINCIPAL TRANSACTIONS WITH AFFILIATES

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

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Basis of presentation:

The financial statements of the Company are prepared in accordance with accounting principles generally accepted in the United States of America, the country of formation. The amounts are represented in U.S. dollars. As required by ITC Infotech India Limited, the sole shareholder of the Parent Company, the Indian Rupee equivalent figures, arrived at by applying the year end interbank exchange rate of $1 = ₹ 69.16 for the fiscal year ended March 31, 2019 (2018: $1 = ₹ 65.18) as provided by the Sole shareholder of the Parent Company, have been included solely for informational purposes and is not in conformance with the provisions of FASB ASC 830-30 – *Foreign Currency Matters – Translation of Financial Statements* and U.S. GAAP.

[2] Use of estimates:

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

[3] Recognition of revenue:

Effective April 1, 2018, the Company adopted ASC 606 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, as prescribed in the Standard. The effect on adoption of ASC 606 was not material.

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

[4] Cash and cash equivalents:

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

[5] Accounts receivable and allowance for doubtful accounts:

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

[6] Computer equipment and furniture and fixtures:

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

[7] Summary of recent accounting pronouncements:

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). ASU No. 2016-02 requires the identification of arrangements that should be accounted for as leases by lessees. In general, for lease arrangements exceeding a twelve month term, these arrangements must now be recognized as assets and liabilities on the balance sheet of the lessee. Under ASU No. 2016-02, a right-of-use asset and lease obligation will be recorded for all leases, whether operating or financing, while the income statement will reflect lease expense for operating leases and amortization/ interest expense for financing leases. The balance sheet amount recorded for existing leases at the date of adoption of ASU No. 2016-02 must be calculated using the applicable incremental borrowing rate at the date of adoption. In addition, ASU No. 2016-02 requires the use of the modified retrospective method, which will require adjustment to all comparative periods presented in the consolidated financial statements. The new guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early application of the amendments in this Update is permitted. The Company does not expect the adoption of this ASU to have a material effect on its financial position or results of operations.

In June 2016, FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses, which require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is to be deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. The new guidance is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The amendment should be applied through a modified retrospective approach. Early adoption as of the fiscal years beginning after December 15, 2018 is permitted. The Company does not expect the adoption of this ASU to have a material effect on its financial position or results of operations.

In August 2016, FASB issued ASU No. 2016-15, Classification of Certain Cash Receipts and Cash Payments. The amendments apply to all entities that are required to present a statement of cash flows under Topic 230. The amendments are an improvement to GAAP because they provide guidance for each of the eight issues, thereby reducing the current and potential future diversity in practice. The amendments are effective for fiscal years beginning after December 15, 2018 and interim periods within fiscal years beginning after December 15, 2019 and should be applied using a retrospective transition method to each period presented. Early adoption is permitted, including adoption in an interim period.The Company does not expect the adoption of this ASU to have a material effect on its financial position or results of operations.

In November 2016, FASB issued ASU No. 2016-18, Statement of cash flows - Restricted cash. The amendments apply to all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows under Topic 230. The amendments in this update require that a statement of cash flows should explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The amendments are effective for fiscal years beginning after December 15, 2018 and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period. The Company does not expect the adoption of this ASU to have a material effect on the presentation of its statement of cash flows.

[8] Employees stock based compensation:

Employee of the Company is covered under the stock option plans of the Company's ultimate Parent, ITC Limited. These plans are assessed, managed and administered by ITC Limited. Fair value of such stock options is calculated using the Black Scholes pricing model at the grant date. Expense related to these stock options have been reflected in the statement of operations aggregating $51,642 (₹ 3,571,561) and $91,121 (₹ 5,939,267) for the Financial Year 2018-19 and 2017-18 respectively.

[9] Employee benefit plans

The Company maintains a 401(k) Savings Plan for qualified employees. Employees who are eligible, as defined by the plan documents, may contribute an amount not to exceed 100% of participant's compensation, up to the maximum annual elective contribution established by the Internal Revenue Service. The Company makes a Safe Harbor Matching Contribution equal to 100% on the first 3% of eligible earnings that are deferred as Elective Deferral and an additional 50% on the next 2% of eligible earnings. The 401(k) expense for the years ended March 31, 2019 and 2018 was $7,752 (₹ 536,155) and $ 0 (₹ 0), respectively.

NOTE C – RELATED PARTY TRANSACTIONS

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

	2019 ($)	**2019 (₹)**	2018 ($)	2018 (₹)
Transactions with ITC Limited				
Service / Account Management fees / others recognized as revenue by Indivate	**524,152**	**36,250,352**	475,267	30,977,903

Accounts receivable consist of trade accounts receivable and unbilled accounts receivable (representing services performed prior to the balance sheet date, but not invoiced to the customer until thereafter). Related parties receivable total $ 0 (₹ 0) and $ 142,545 (₹ 9,291,064) as of March 31, 2019 and 2018, respectively.

	2019 ($)	**2019 (₹)**	2018 ($)	2018 (₹)
Transactions with Parent Company				
Payroll related expenditure	**51,642**	**3,571,561**	91,121	5,939,267
Reimbursement of audit fees paid on behalf	**3,100**	**214,396**	—	—

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Estimated useful lives (Years)	As of **31-Mar-19** ($)	**31-Mar-19** (₹)	31-Mar-18 ($)	31-Mar-18 (₹)
Computers etc.	4	**1,138**	**78,704**	1,138	74,175
Furniture and Fixtures	4	**2,721**	**188,184**	2,721	177,355
		3,859	**266,888**	3,859	251,530
Less: Accumulated depreciation		**(2,156)**	**(149,109)**	(1,191)	(77,629)
Property and Equipment, net		**1,703**	**117,779**	2,668	173,901

The depreciation expense recognized in the Statement of Operations is as follows:

	FY 2018-19 ($)	**FY 2018-19 (₹)**	FY 2017-18 ($)	FY 2017-18 (₹)
Depreciation expense	**965**	**66,739**	965	62,899

NOTE E – SUBSEQUENT EVENTS

The Company evaluated subsequent events through April 29, 2019 which is the date on which the Financial Statements are issued.