

**REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

Your Directors submit their Report for the financial year ended 31st March, 2016.

**FINANCIAL RESULTS**

Your Company's consolidated and standalone financial results are tabulated below:

	Consolidated(*) ₹ (lakhs)		Standalone ₹ (lakhs)	
	2016	2015	2016	2015
Year Ended March 31,				
<b>Total Revenue</b>	<b>155518</b>	<b>147640</b>	<b>96132</b>	<b>100602</b>
<b>Total Expenditure</b>	<b>142613</b>	<b>130589</b>	<b>82603</b>	<b>82588</b>
<b>Profit before Tax</b>	<b>12905</b>	<b>17051</b>	<b>13529</b>	<b>18014</b>
<b>Provision for Tax</b>	<b>5185</b>	<b>6421</b>	<b>4711</b>	<b>5814</b>
<b>Profit after Tax</b>	<b>7720</b>	<b>10630</b>	<b>8818</b>	<b>12200</b>

(\*) including ITC Infotech Limited, UK and ITC Infotech (USA), Inc.(I2A), wholly owned subsidiaries of the Company, and Pyxis Solutions, LLC, USA, a wholly owned subsidiary of I2A.

**BUSINESS REVIEW**

2015–16 saw the Global IT Services and Business Process Management spend grow 0.4% and the Indian IT services industry grow approximately 9.2%, as per Nasscom estimates.

The IT services industry is at a historic inflection point – with the traditional IT services and products model getting disrupted. Innovative technologies, new buyers of technology and newer ways of deployment are beginning to have an impact on the way the industry operates. The industry is currently going through a consolidation phase due to these changing market dynamics. Mid-tier firms are monetising by selling themselves to Private Equity firms or to Tier 1 players. The tier 1 players are beginning to embrace the changing market trends and ramping up investments to build capabilities in newer technologies like digital and disruptive business models for non-linear growth through organic and inorganic means.

In this context, ITC Infotech has commenced on a transformational journey, at the perfect time, to become a Specialized, Global-scale Full service provider led by Business and Technology consulting and creating enduring value to its stakeholders. As part of the transformation efforts and the re-vitalised strategic approach articulated in the previous year, your Company, in the financial year, has aligned the organisation to the identified Go-to-market (GTM) industry verticals and the service lines or Lines of Business (LoB) that can be offered to these target markets. During the year, the Company has undertaken several initiatives aligned to the four strategic pillars, some of them are called out below:

Achieving meaningful scale:

- Testing as a Service (TaaS) and Supply Chain Management (SCM) were seeded as new LoBs. Industry veterans were hired to lead these newly formed LoBs.
- Industry leaders were hired in the predominant markets of USA and Europe to lead new business development efforts.

Becoming future ready:

- Developed a clear definition and framework for Digital offerings which currently contribute ~20% of your Company's revenues.
- Instituted a new "Innovation" Lab to focus on R&D and innovation in areas like Digital Supply Chain solutions, Mobility Solutions, Internet of Things, Cognitive Automation and to build an ecosystem of startups.

Enhancing Profitability:

- Established a central resource management organization, Operational excellence and resource allocation (OPERA), to drive utilisation and operational efficiency which has already started showing encouraging results.

Building institutional capabilities:

- Launched Achievers' club for sales and other functions to motivate and push sales productivity, innovation and efficiency.
- Dedicated a Thought Partner to ITC businesses to increase co-creation opportunities; a program called Anubhav has been socialised to bring in high performers from ITC businesses to ITC Infotech thereby further strengthening domain knowledge in GTM verticals.

USA and Europe continue to be the dominant markets of your Company. USA continues to be the highest contributor to consolidated revenues. New client additions continue at a healthy rate in these mature markets. Your Company has grown its consolidated Revenues by 5.3% to ₹1555 crores, while consolidated Net Profit was at ₹77 crores. The Company

has seen strong client addition during the year across geographies with new clients added in the financial year. During the year, the Company restructured its contract with a key client which set up its own centre in India with the Company's assistance.

Your Company won the "2015 European Outsourcing Awards" in the category: Value creation in outsourcing for engagement with a leading UK based health retailer. The Company was also featured as a "Major Contender" in the Everest Group IT Outsourcing in Banking – Service Provider Landscape with PEAK Matrix™ Assessment 2015 and continued to be featured in the Leader's Category for the 2016 Global Outsourcing 100 by the International Association of Outsourcing Professionals for the tenth consecutive year. The Company was profiled in the Gartner report titled "Market Guide for Trade Promotion Management and Optimization" and also featured prominently in the Gartner report titled "Market Guide for Retail Execution and Monitoring Solutions for the Consumer Goods Industry".

The focus of your Company continues to be achieving the dimensions of the stated strategy and delivering stakeholder value through Domain, Data, Digital, Design and Differentiated delivery. Inorganic growth continues to be an integral part of the Company's strategy. The Company would also be focusing on consolidating its presence in existing markets and will look to opportunistically expand into other geographies. Diversifications into adjacent avenues and exploring new GTM verticals and lines of businesses also would be an important component of your Company's growth story.

The outlook for the Indian IT industry remains muted with NASSCOM predicting an export growth of 10% – 12% in the forthcoming year. With most elements of the Company's strategy already beginning to show green shoots, your Company is poised to differentiate itself and see strong traction in a dynamic market that is undergoing rapid consolidation. The key risks continue to be currency volatility, acquisition of quality talent due to the booming startup ecosystem in India, pricing and consequently margin pressures.

**DIVIDEND**

Your Directors are pleased to recommend the interim dividend of ₹ 9/- (2015: ₹ 9/-) per Equity Share of ₹ 10/- each on 8,52,00,000 Equity shares, aggregating ₹ 76,68,00,000/- (Rupees Seven Thousand Six Hundred and Sixty Eight lakhs only) (2015: ₹ 76,68,00,000/-), declared by the Board of Directors on 7th December, 2015, as the final dividend for the financial year ended 31st March, 2016.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL****Changes in Directors and Key Managerial Personnel during the year**

Mr. A. Nayak (DIN: 00973758) resigned as Director of the Company with effect from 1st January, 2016. Your Board of Directors places on record its appreciation of the contribution made by Mr. Nayak during his tenure as Director.

**Retirement by Rotation**

In accordance with the provisions of Section 152 of the Companies Act, 2013 ("the Act") and Articles 143–145 of the Articles of Association of the Company, Mr. S. Sivakumar (DIN: 00341392) will retire by rotation at the ensuing Annual General Meeting of your Company and, being eligible, offers himself for re-election.

**Declaration of Independence**

As required under Section 149(7) of the Companies Act, 2013 (Act), declarations have been received from the Independent Directors of your Company that they meet the criteria of Independence prescribed under Section 149(6) of the Act and Companies (Appointment and Qualification of Directors) Rules, 2014.

**BOARD COMMITTEES****Audit Committee**

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

No. of meetings held during the financial year: 5; 30th April, 2015, 11th September, 2015, 7th December, 2015, 25th February, 2016 and 28th March, 2016.

No. of meetings attended by each Committee Member: Mr. R. Tandon (5), Mr. P. Chatterjee (5) and Mr. R. G. Jacob (5).

**Nomination and Remuneration Committee**

The Nomination and Remuneration Committee of your Company comprises Mr. S. Sivakumar as Chairman of the Committee, Mr. P. Chatterjee and Mr. R. G. Jacob as Members of the Committee. Mr. A. Nayak ceased to be a Member of the Committee with effect from 1st January, 2016.

No. of meetings held during the financial year: 3; 30th April, 2015, 17th August, 2015 and 11th September, 2015.

No. of meetings attended by each Committee Member: Mr. S. Sivakumar (3), Mr. P. Chatterjee (3), Mr. R. G. Jacob (3) and Mr. A. Nayak (3).

### Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of your Company comprises Mr. S. Sivakumar as Chairman of the Committee, Mr. P. Chatterjee and Mr. R. G. Jacob as Members of the Committee. Mr. A. Nayak ceased to be a Member of the Committee with effect from 1st January, 2016. The Managing Director and the Chief Financial Officer are Invitees to the Committee. The Company Secretary serves as the Secretary to the Committee.

No. of meetings held during the financial year: 1; 25th February, 2016.

No. of meetings attended by each Committee Member: Mr. S. Sivakumar (1), Mr. P. Chatterjee (1), Mr. R. G. Jacob (1).

### ATTRIBUTES, QUALIFICATIONS AND APPOINTMENT OF DIRECTORS

As mentioned in the Report last year, 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, in respect of Independent Directors and, to the extent applicable, in respect of the Non-Independent Directors.

All the Non-Executive Directors of the Company, other than the Independent Directors, are executives of ITC Limited, the Holding Company, who fulfil the fit and proper criteria for appointment as Directors. Further, all the Non-Executive Directors of the Company, other than the Independent Directors, are liable to retire by rotation. One-third of the Directors who are liable to retire by rotation, retire every year and are eligible for re-election.

### BOARD EVALUATION

For the year under review, the Board carried out an annual performance evaluation of its own performance and that of the individual Directors and functioning of the Board Committees, as required in terms of Section 134(3)(p) of the Act. The performance evaluation of the Board and the individual Directors has been done based on the criteria approved by the Nomination and Remuneration Committee. Reports of functioning of the Committees were placed by the respective Committee Chairman before the Board. The Directors expressed satisfaction with the quality, quantity and timeliness of flow of information between the management and the Board.

Further, the Independent Directors at their meeting held during the year reviewed the performance of the non-independent Directors, Chairman, Vice Chairman and the Board of Directors of the Company.

### REMUNERATION POLICY

The Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and other employees of the Company is enclosed as **Annexure 1** to this Report.

### 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 the Company. The Internal Audit Department of ITC Limited, the Holding Company, 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 the Company, consisting of identified Managers, continuously verify compliance with laid down policies and procedures, and help plug control gaps by assisting operating management in the formulation of control procedures for new 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)

As required under Section 134(3)(o) read with Section 135 of the Act and Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Annual Report on CSR activities covering, inter alia, the CSR

Policy adopted by the Board and the CSR activities undertaken during the financial year, is provided in **Annexure 2** to this Report.

### WHOLLY OWNED SUBSIDIARIES

The Statement in Form AOC-1 containing the salient features of the financial statements of (i) ITC Infotech Limited, UK, and ITC Infotech (USA), Inc.(I2A), wholly owned subsidiaries of the Company and (ii) Pyxis Solutions, LLC.(Pyxis), wholly owned subsidiary of I2A is attached to the Financial Statements of the Company.

Report on the performance and financial position of the Company's wholly owned subsidiaries in terms of Rule 8 of the Companies (Accounts) Rules, 2014 is not being provided, as the Company is not required to prepare Consolidated Financial Statements.

ITC Infotech, to position itself as a full services provider in the BFSI segment and optimally utilise the resources and assets of Pyxis and I2A, merged Pyxis into I2A with effect from 1st April, 2016. Consequently Pyxis ceased to be a subsidiary of I2A and that of the Company with effect from that date.

### OTHER INFORMATION

#### I. CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

In view of the nature of activities that are being carried on by your Company, particulars as required under Section 134(3)(m) of the Act read with Rule 8 of Companies (Accounts) Rules, 2014 concerning conservation of energy and technology absorption, respectively, are not applicable to your Company.

Your Company being a software solution provider requires minimal energy consumption and every endeavour has been made to ensure the optimal use of energy.

During the year under review, monitoring mechanisms for conserving energy in different buildings were strengthened by bringing consciousness amongst the workforce. In addition, consumption of paper was reduced by nearly 25%.

Your Company continues to receive energy from the wind energy developed 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 ₹70508 lakhs (previous year- ₹78724 lakhs) while the outgoings were ₹13487 lakhs (previous year- ₹ 17106 lakhs).

#### III. PARTICULARS OF EMPLOYEES

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

#### IV. EXTRACT OF ANNUAL RETURN

As required under Section 134(3)(a) read with Section 92(3) of the Act, the extract of Annual Return, in Form MGT 9, is provided in **Annexure 4** to this Report.

#### V. BOARD MEETINGS HELD DURING THE FINANCIAL YEAR

No. of Board meetings held during the financial year: 5; 30th April, 2015, 17th August, 2015, 11th September, 2015, 7th December, 2015 and 26th February, 2016.

No. of meetings attended by each Director: Mr. Y. C. Deveshwar (5), Mr. S. Sivakumar (5), Ms. S. Rajagopalan (5), Mr. B. B. Chatterjee (4), Mr. P. Chatterjee (5), Mr. R. G. Jacob (5), Mr. A. Nayak (4) and Mr. R. Tandon (5). Mr. A. Nayak ceased to be a Director with effect from 1st January, 2016.

#### VI. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

#### VII. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the financial year under review, your Company has not entered into any contracts or arrangements with related parties as is referred to in Section 188 of the Act i.e. contracts or arrangements which are not on arm's length basis. The details in Form AOC-2 of material transaction(s) entered into by the Company with its related party(ies) are provided in **Annexure 5** 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.

### DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(3)(c) read with Section 134(5) of the Act, your Directors confirm having:

- followed in the preparation of the Financial Statements for the financial year ended 31st March, 2016, 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, 2016, 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.

#### ORDERS OF REGULATORS/COURTS/TRIBUNALS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's future operations.

#### AUDITORS

##### (a) Statutory Auditors

The Company's Auditors, M/s. Lovelock & Lewes, Chartered Accountants, (L&L), (Registration No. 301056E), were appointed with your approval at the Eighteenth Annual General Meeting (AGM) to hold such office till the conclusion of Twenty-First AGM. Your

Board, in terms of Section 139 of the Act, on the recommendation of the Audit Committee, has recommended for the ratification of the Members the appointment of L&L from the conclusion of the Twentieth AGM till the conclusion of the Twenty First AGM. The Board, in terms of Section 142 of the Act, on the recommendation of the Audit Committee, has also recommended for the approval of the Members the remuneration of L&L for the financial year 2016-17.

##### (b) Secretarial Auditor

Your Company appointed M/s. K. Dushyantha & Associates, Company Secretaries, to conduct the secretarial audit of the Company for the financial year ended 31st March, 2016. The report of M/s. K. Dushyantha & Associates, in terms of Section 204 of the Act is provided under **Annexure 6** to this Report.

#### 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; your Company's consistent growth was made possible by their unstinted support, hard work, solidarity and co-operation.

Place: Kolkata

On behalf of the Board

Date: 27th April, 2016

Registered Office:  
Virginia House  
37 J. L. Nehru Road  
Kolkata 700 071  
India.

S. Rajagopalan  
Managing Director

S. Sivakumar  
Vice Chairman

### ANNEXURE 1 TO THE REPORT OF THE BOARD OF DIRECTORS

#### Remuneration Policy

It is ITC Infotech's belief that the quality of talent is a source of unique competitive advantage and hence its Remuneration Strategy is designed to attract and retain high quality talent. In an industry in which the war for talent will only intensify, it is imperative that ITC Infotech adopts a Remuneration Policy that is contemporary, innovative and unique and is an integral component of the broader Human Resource Strategy of the Company, so that it is aligned with and reinforces the employee value proposition of a superior quality of work life – an enabling work environment, an empowering and engaging work culture and opportunities to learn and grow.

Remuneration practices 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.

ITC Infotech's remuneration practices will continue to be anchored on the principles of fairness, equity and consistency and will be free of discrimination.

#### POLICY

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.

#### Remuneration of Key Managerial Personnel

1. Remuneration of Key Managerial Personnel is determined and recommended by the Nomination and Remuneration Committee and approved by the Board. Remuneration of the Managing Director / Wholtime Director / Manager is also subject to the approval of the members.
2. Remuneration is reviewed and revised periodically, when such a revision is warranted by the market.
3. Apart from fixed elements of remuneration and benefits, Key Managerial Personnel are also eligible for Variable Pay/Performance Bonus which is linked to their individual performance and the overall performance of the Company.
4. Remuneration of Key Managerial Personnel who may be on deputation from the Holding Company / subsidiaries / fellow subsidiaries / associate companies, will be in terms of the Remuneration Policy of that company.

#### Remuneration of Independent Directors

Independent Directors are entitled to sitting fees for attending meetings of the Board and Board Committees, the quantum of which is determined by the Board, within the limits prescribed under the Companies Act, 2013 and the Rules thereunder. The Company also bears the expenses of the Independent Directors for attending meetings of the Board and Board Committees, in terms of the Articles of Association of the Company.

#### Remuneration of employees other than Key Managerial Personnel

1. Remuneration of Senior Management is determined and recommended by the Nomination and Remuneration Committee and approved by the Board. Remuneration of all other personnel is approved by persons / Committee as authorised under the Corporate Governance Policy of the Company.
2. Remuneration is reviewed and revised periodically, when such a revision is warranted by the market. The quantum of revision is linked to market trends, the competitive context of the business, as well as the track record of the individual employee.
3. Variable Pay cognises for the performance rating of the individual employee and the overall performance of the Company.
4. Remuneration of employees in Specialist positions are tailor-made to suit their unique and specialized skills.
5. Remuneration of all personnel who may be on deputation from the Holding Company/subsidiaries/fellow subsidiaries/associate companies, will be in terms of the Remuneration Policy of that company.

## ANNEXURE 2 TO THE REPORT OF BOARD OF DIRECTORS

## Annual Report on CSR Activities of the Company for the financial year ended 31st March, 2016

[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	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. The Company will: ✓ undertake CSR activities as listed 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 <a href="http://www.itcinfotech.com/Uploads/GUI/knowledgecentre/corporate-social-responsibility-policy.pdf">http://www.itcinfotech.com/Uploads/GUI/knowledgecentre/corporate-social-responsibility-policy.pdf</a>	
2.	Composition of the CSR Committee	Mr. S. Sivakumar (Chairman) Mr. P. Chatterjee Mr. R. G. Jacob	
3.	Average net profits of the Company for last three financial years	₹ 14105 lakhs	
4.	Prescribed CSR Expenditure (two percent of the amount stated under 3 above)	₹ 282.10 lakhs	
5.	Details of CSR spent during the financial year	a. Total amount to be spent for financial year	₹ 282.10 lakhs
		b. Amount unspent, if any	—

(c) Manner in which the amount spent during the financial year is detailed below:

(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 upto the reporting period	Amount spent: Direct or through implementing agency
1	Contribution to the Corpus of ITC Education Trust	Advancement and promotion of General Education for better society [covered under Clause (ii) of Schedule VII to the Companies Act, 2013]	N.A	₹ 283 lakhs	₹ 283 lakhs	₹ 283 lakhs	Implementing Agency – ITC Education 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.

27th April, 2016

S. Sivakumar  
Chairman – CSR Committee

S. Rajagopalan  
Managing Director

**ANNEXURE 3 TO THE REPORT OF THE BOARD OF DIRECTORS  
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016**

*Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014*

Employed throughout the year and in receipt of remuneration aggregating ₹ 60,00,000 /- or more p.a.								
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
ABRAHAM BABUJI	52	Senior Vice President – IT Services	10065665	6774184	B.E.	29	9-Jun-14	Mindtree Ltd. Senior Vice President
BATRA RAKESH ####	52	Chief Financial Officer	7484723	3308228	B.COM(H), FCA	34	1-Sep-86	-
GHARPURE RAVINDRA ##	42	General Manager – Business Development	9557578	6746717	M.E.	17	1-Dec-14	NIIT technologies BV Director BD
GHOSH ANIRBAN #	33	Account Manager	9940548	5703546	M.B.A.	10	30-Jan-12	ABOVE Solutions India Pvt. Ltd. Senior Sales
KASHYAP ANAND	44	Vice President –IT Services	6522890	4469564	M.B.A.	17	16-Mar-15	Dell Services, UAE MD – Healthcare & Life Sciences
KHURANA RAJEEV #	45	National Business Development Manager	8143780	8143780	PGDM	20	15-Feb-10	Wipro Infotech Ltd. Regional Manager
KRISHNAMURTHY RAMESH #	37	Service Delivery Manager	6967549	4253331	B.Com.	16	5-Nov-12	Microsoft Corporation Field Solutions manager
KUMAR SANDEEP	45	Vice President –IT Services	6666764	4402379	M.B.A.	20	26-Mar-12	Infosys Technologies Ltd. Industry Principal
KUMAR VISHAL #	45	Senior Vice President – Middle East & Africa	18049693	18049693	B.E.	23	13-Jan-03	PSI Data Systems Ltd. Sales & Marketing Manager
OCHANI ANUP #	39	General Manager – Key Accounts	11160460	11160460	B.E.	18	12-Nov-07	Aptiva Consulting Project Manager
PARANJAPE P ##	44	General Manager – Business Development	9680894	5393830	M.Sc.	23	1-Mar-12	L&T Infotech GmbH Area Director
PATNI MUDIT #	35	Senior Manager – Business Development	11315091	7367485	PGDM	12	31-Dec-07	Patni Computers Systems Ltd. Assistant Manager– Business Development
PERIVIER MARC ##	47	Senior Manager – Business Development	12679280	6993447	M.Fin.	23	23-Apr-12	PTC Business Development Manager
PERUMAL VENKATESH #	35	Manager – Business Development	7101938	7101938	M.B.A.	12	15-Mar-13	Cappgemini Financial Services Sales Manager
RAJAGOPALAN SUSHMA	52	Managing Director and Chief Executive Officer	14570026	7808785	M.B.A.	31	1-Aug-14	LiquidHub Inc. Global Partner
RAJASEKHAR V. V.	51	Senior Vice President–IT Services	7079750	4413431	M.B.A.	27	1-Dec-00	ITC Ltd. Manager IT Projects
RAJESH B.A.B #	48	General Manager – Managed Services	8596095	5742250	B.Sc.	24	12-Jan-10	Bristlecone India Ltd. Manager– Delivery
SAXENA SANDEEP ##	34	General Manager – Business Development	10606686	4247292	M.B.A.	14	6-Jun-14	Hexaware Technologies New BD
SEETHARAM SUDHINDRA #	39	Account Manager	7069632	3325187	M.Sc., PGDBA	16	11-Aug-10	Mindtree Ltd. Test Lead
SENGUPTA MOHUA	47	Senior Vice President – IT Services	7419327	4942086	M.B.A.	23	30-Aug-13	iGate Global Solutions Ltd. Head of Solutions & Vertical Innovation
SINHA PANKAJ #	44	Senior Manager – Business Development	7058345	7058345	M.B.A.	8	11-Apr-13	Intertec Systems LLC Major Account Manager
SIVAGNANAM SANKAR #	36	Solution Lead	6506388	3326308	B.E.	16	2-May-12	Accenture Technology Solutions Integration Lead
SREENIVASAN V.	53	Senior Vice President – IT Services	7535840	4439490	B.E.	31	1-Oct-00	ITC Ltd. Head Software Development Centre
SRINIVASAN RAMAKRISHNAN	45	General Manager–IT Services	6365653	4428327	B.Tech.	19	13-Jun-05	Tata Consultancy Services Project Manager
SRINIVASULU DINESH #	43	General Manager – Business Development	8669104	5039597	B.Tech.	21	15-Jan-07	Accenture Services Pvt. Ltd. Associate Manager
TALWAR ANAND	57	Senior Vice President – Talent Management	7096228	3317533	M.B.A.	32	9-Apr-01	Reliance Telecom Ltd. Vice President – HRD
VENKATRAMAN SRINIVAS ##	37	Senior Manager – Business Development	7371111	4140759	B.E.	15	1-Oct-14	Suntec Business Solutions Sales Director
Employed for a part of the year and in receipt of remuneration aggregating Rs.5,00,000/- 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
AYMAR ABRAHAM ##	31	Program Manager	4978699	2741448	B.E.	8	23-Jul-12	FCL Automotive, Guyancourt PLM Manager
BRINK AB ##	48	General Manager – Business Development	5166583	2579365	Havo, MTS – WTB (Mech Engg.), NIMA ( Mkg)	22	1-Mar-13	Computer Sciences Corporation Sr. Business Development Executive
DUNGERN CAROLINA ##	53	Process Consultant	2238204	1022599	B.S.	24	7-Jan-14	Phenometex GmbH Senior Consultant
GUPTA HIMANSHU ###	31	Senior Manager – Business Development	7130815	5162733	B.Sc.	10	3-Jul-06	-
IYER RAVISHANKAR	53	Vice President –IT Services	2332755	1636319	M.S.	27	18-Jul-13	Polaris Financial Technology Ltd. Sr.VP– Head of Investment Banking Practice

Name	Age	Designation / Nature of Duties	Gross Remuneration ₹	Net Remuneration ₹	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment/Position held
JAGANNATH AJEETH	46	Senior Vice President-IT	3189495	2289364	M.S.	25	12-Mar-12	Symphony Services Corporation Director-Siebel Technology Center
KOKATE UDAY ##	37	Senior Project Manager	1710803	1005729	PGDBM	14	18-Sep-14	NIPUNN Engineering AS Sr. Mechanical Engineer
NAYAK PRAVIN ##	42	Senior Manager – Business Development	1694768	1694768	B.E.	20	27-Dec-15	KPIT Deputy General Manager
PLIESKE HORST-WIHELM ##	56	Vice President – Business Development	8990904	5850381	M.B.A.	28	3-Aug-15	L&T Infotech EVP and Head Dach
RAJAKUMAR PREMKUMAR ###	41	Project Manager	2238405	1417443	M.Com.	17	11-Jun-09	Coastal Training Technologies Project Manager
SANDNES TORGEIR ##	52	General Manager – Business Development	6470845	4488696	M.E. (Economy)	27	3-Feb-14	NIPUNN Engineering AS Director BD
THIBAUT NICOLAS ##	52	Lead Process Consultant	6219389	3423924	M.B.A.	25	25-Aug-15	Intersport France Business Unit Manager
TONNESSEN OYVIND ##	50	General Manager – Business Development	13349021	5902089	B.Sc.	26	13-Aug-14	Infosys Ltd. Nordic head of Oil & Energy

## Notes :

1. # On secondment to foreign branch / return from secondment; Remuneration includes Indian salary and foreign salary; foreign salary converted into Indian rupees at the average of the month end inter bank exchange rate.
2. ## Employed directly by the foreign branch.
3. ### On secondment to subsidiary company.
4. #### On deputation from ITC Ltd, the holding company; remuneration borne by the Company as per the terms of deputation of his services.
5. Remuneration includes salary, performance effectiveness pay, allowances, incentives, other benefits/applicable perquisites except contribution to the approved Group Pension 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.
6. 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.
7. Some of the employees listed above have been granted Stock Options by ITC Limited, the holding company, at 'market price' (within the meaning of the Sebi (Share Based Employee Benefits) Regulations, 2014) under the ITC Employee Stock Option Schemes.
8. All appointments are / were contractual in accordance with terms & conditions as per Company's rules.
9. None of the above employees is a relative of any Director of the Company.

On behalf of the Board

27th April, 2016

S. Sivakumar  
Chairman – CSR CommitteeS. Rajagopalan  
Managing Director**ANNEXURE 4 TO THE REPORT OF BOARD OF DIRECTORS****FORM MGT-9****EXTRACT OF ANNUAL RETURN****as on the financial year ended on 31st March, 2016**

[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	:	16th 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, 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	NA	Subsidiary	100.00	2(87)(ii)
3.	ITC Infotech Limited, UK Norfolk House, 118 Saxon Gate West, Milton Keynes. MK9 2 DN, United Kingdom	NA	Subsidiary	100.00	2(87)(ii)
4.	Pyxis Solutions, LLC(*) 55 Broad St. Fl. 14 NY 10004-2501	NA	Subsidiary	100% ITC Infotech (USA), Inc. holds the entire Membership Interest	2(87)(ii)(a)

(\*) merged with ITC Infotech (USA), Inc. with effect from 1st April, 2016

## 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	
<b>A. Promoters</b>									
(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	N.A
f) Any Other....	-	-	-		-	-	-	N.A	N.A
<b>Sub-total (A)(1):-</b>	-	<b>8,52,00,000</b>	<b>8,52,00,000</b>	<b>100.00</b>	-	<b>8,52,00,000</b>	<b>8,52,00,000</b>	<b>100.00</b>	<b>Nil</b>
(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
<b>Sub-total (A)(2):-</b>	-	-	-		-	-	-	-	N.A
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	-	<b>8,52,00,000</b>	<b>8,52,00,000</b>	<b>100.00</b>	-	<b>8,52,00,000</b>	<b>8,52,00,000</b>	<b>100.00</b>	<b>Nil</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
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
<b>Sub-total (B)(1):-</b>	-	-	-		-	-	-	-	N.A
<b>2. Non-Institutions</b>	<b>NOT APPLICABLE</b>								
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
<b>Sub-total (B)(2):-</b>	-	-	-		-	-	-	-	N.A
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	-	-	-		-	-	-	-	N.A
C. Shares held by Custodian for GDRs & ADRs	-	-	-		-	-	-	-	N.A
<b>Grand Total (A+B+C)</b>	-	<b>8,52,00,000</b>	<b>8,52,00,000</b>		-	<b>8,52,00,000</b>	<b>8,52,00,000</b>	<b>100.00</b>	<b>Nil</b>

## (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	No change during 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.				
	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.

## 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)
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	129.67 10.27 –
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission – as % of profit – others, specify...	–
5.	Others, please specify	–
	Total (A)	139.94
	Ceiling as per the Act (5% of the net profits of the Company computed in accordance with Section 198 of the Companies Act, 2013)	736.68

Note:

Has been granted Stock Options by ITC Limited, the holding company, at 'market price' [within the meaning of the Sebi (Share Based Employee Benefits) Regulations, 2014] under the ITC Employee Stock Option Schemes.

## B. Remuneration to other directors:

Amount in (₹ lakhs)

Sl. no.	Particulars of Remuneration	Name of Director		Total Amount
		Partho Chatterjee	Ranjit G Jacob	
1.	<b>Independent Directors</b> • Fee for attending board / committee meetings • Commission • Others, please specify	2.90 NIL NIL	2.90 NIL NIL	5.80 NIL NIL
	Total (1)	2.90	2.90	5.80
2.	<b>Other Non-Executive Directors</b> • Fee for attending board / committee meetings • Commission • Others, please specify	————NIL————	————NIL————	————NIL————
	Total (2)	————NIL————	————NIL————	————NIL————
	<b>Total (B)=(1+2)</b>	<b>2.90</b>	<b>2.90</b>	<b>5.80</b>
	Total Managerial Remuneration (A+B)			145.74
	Overall Ceiling as per the Act (11% of the net profits of the Company computed in accordance with Section 198 of the Companies Act, 2013)			1620.70



**B. 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	60.60	49.44	1,10.04
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	10.94	6.51	17.45
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission – as % of profit – others, specify...	–	–	–
5.	Others, please specify	–	–	–
	Total	71.54	55.95	127.49

\*\* Notes:

- On deputation from ITC Ltd, the holding company; remuneration borne by the Company as per the terms of deputation of services.
- Have been granted Stock Options by ITC Limited, the holding company, at 'market price' [within the meaning of the Sebi (Share Based Employee Benefits) Regulations, 2014] under the ITC Employee Stock Option Schemes.

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

On behalf of the Board

**S. Rajagopalan**  
Managing Director

**S. Sivakumar**  
Vice Chairman

27th April, 2016

**ANNEXURE 5 TO THE REPORT OF BOARD OF DIRECTORS****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"> <li>– Provision of IT Services</li> <li>– Pricing based on arm's length margin</li> <li>– Monthly invoicing; payment upon receipt of invoice</li> <li>– Value of transactions during the year – ₹ 12,232 Lakhs</li> </ul>
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"> <li>– Subcontracting of execution and management of customer contracts</li> <li>– Pricing based on arm's length margin</li> <li>– Periodic invoicing; payment within 90 days</li> <li>– Value of transactions during the year – ₹ 9,963 Lakhs</li> </ul>
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"> <li>- Subcontracting of execution and management of customer contracts</li> <li>- Pricing based on arm's length margin</li> <li>- Periodic invoicing; payment within 90 days</li> <li>- Value of transactions during the year - ₹ 16,507 Lakhs</li> </ul>
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 ₹ 10000 lakhs from Russell
c)	Duration of the contracts / arrangements / transactions	Not exceeding one year 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"> <li>- Simple Interest payable at 9.50% per annum</li> <li>- 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 ₹ 10000 lakhs</li> </ul>
e)	Date(s) of approval by the Board, if any	7th December, 2015 (Audit Committee)
f)	Amount paid as advances, if any	Nil

On behalf of the Board

S. Rajagopalan  
Managing Director

S. Sivakumar  
Vice Chairman

27th April, 2016

**ANNEXURE 6 TO THE REPORT OF BOARD OF DIRECTORS**

Form No. MR-3

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31.03.2016**

*[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

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

In connection with issue of a **SECRETARIAL AUDIT REPORT** pursuant to Sec.204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of ITC Infotech India Limited (Company), we wish to state as under:

- A. ITC Infotech India Limited is incorporated under the Companies Act, 1956 vide CIN.U65991WB1996PLC077341 dated 16.02.1996 issued by the Registrar of Companies, West Bengal, Kolkata.
- B. We have verified the records maintained by the Company under the provisions of the Companies Act, 2013 (Act) from 01.04.2015 to 31.03.2016 and report that the Company has complied with the various provisions of the said Act.
- C. The Authorised Capital of the Company is ₹ **86,00,00,000 (Eighty Six Crores)** divided into 8,60,00,000 (Eight Crores Sixty Lakhs) Equity Shares of ₹ 10/- (Ten) each. The Issued, subscribed and Paid up Capital of the Company is ₹ **85,20,00,000 (Eighty Five Crores Twenty Lakhs)** divided into 8,52,00,000 (Eight Crores Fifty Two Lakhs) Equity Shares of ₹ 10/- (Ten) each.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by 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 during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper 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 records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- a. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- b. Secretarial Standards issued by the Institute of Company Secretaries of India under Section 118(10) of the Companies Act, 2013, and
- c. 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 on 31st March, 2016 according to the rules and provisions of:

- a. Software Technology Park of India (STPI) and the Rules made thereunder,
- b. Employees Provident Fund Scheme, 1952
- c. Income Tax Act, 1961
- d. Service Tax Rules, 1994
- e. Payment of Bonus Act, 1965

- f. Payment of Gratuity Act, 1972
- g. Payment of Wages Act, 1936
- h. The Minimum Wages Act, 1948
- i. The Contract Labour (Regulation & Abolition) Act, 1970

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All Board decisions have been passed without any dissent.

The Company has duly complied with the provisions of the Companies Act, 2013. The Company has held board meetings during the year under report as under:-

Sl. No.	Dates	No of Meetings in a year
1.	30th April, 2015	} Five
2.	17th August, 2015	
3.	11th September, 2015	
4.	7th December, 2015	
5.	26th February, 2016	

We further report 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 NIL events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

This Report is issued based on the information that were made available at the time of verification of the records and clarifications furnished for queries raised by us and inspection of the documents, files, book, registers and other relevant papers made available for verification.

K Dushyantha& Associates  
Company Secretaries in Practice

K. Dushyantha Kumar  
C.P.No.: 6003  
FCS No.:6662

Date: 27th April, 2016  
Place: Bengaluru

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ITC INFOTECH INDIA LIMITED

### Report on the Financial Statements

1. We have audited the accompanying financial statements of ITC Infotech India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required

and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

### 10. As required by Section 143(3) of the Act, 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 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.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
  - i. The Company has disclosed the impact of pending litigations as at March 31, 2016 on its financial position in its financial statements – refer Note 24(b);
  - ii. The Company did not have any long-term contracts with material foreseeable losses and did not have any long-term derivative contracts as at March 31, 2016;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

**For Lovelock & Lewes**  
Firm Registration Number: 301056E  
Chartered Accountants

**Sunit Kumar Basu**  
**Partner**

Place: Kolkata  
Date: 27<sup>th</sup> April, 2016

Membership Number: 55000

### Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of ITC Infotech India Limited on the financial statements for the year ended March 31, 2016.

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of ITC Infotech India Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls over financial reporting based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial

controls over financial reporting 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 Act.

### Auditors' Responsibility

3. 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 on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls over financial reporting, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was

- established and maintained and if such controls operated effectively in all material respects.
4. 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.
  5. 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

6. 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

7. 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

8. In our opinion, 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, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Lovelock & Lewes**  
Firm Registration Number: 301056E  
Chartered Accountants

**Sunit Kumar Basu**  
Partner

Place: Kolkata  
Date: 27<sup>th</sup> April, 2016

Membership Number: 55000

#### Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of ITC Infotech India Limited on the financial statements as of and for the year ended March 31, 2016

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The Company does not own any immovable properties as disclosed in Note 8 on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are 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. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory

dues, as applicable, with the appropriate authorities.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales-tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute. The particulars of dues of income tax and service tax as at March 31, 2016 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service tax including interest and penalty.	93*	April 01, 2007 to June 30, 2011	The Commissioner (Appeals), Bangalore
Income tax Act, 1961	Income tax including interest.	768	Assessment Year 2011 -12	The Commissioner of Income Tax (Appeals) I, Kolkata

\*- Net of amount deposited under protest Rs. 15 Lakhs.

- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act.

- The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the provisions of Clause 3(xv) of the Order 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. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

**For Lovelock & Lewes**  
Firm Registration Number: 301056E  
Chartered Accountants  
**Sunit Kumar Basu**  
**Partner**  
Membership Number: 55000

Place: Kolkata  
Date: 27<sup>th</sup> April, 2016

## BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2016

	Note	As at 31st March, 2016 (₹ in Lakhs)	As at 31st March, 2015 (₹ in Lakhs)
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	2	8,520	8,520
(b) Reserves and Surplus	3	28,882	28,984
<b>2 Non-current Liabilities</b>			
(a) Long-term Provisions	4	1,100	1,113
<b>3 Current Liabilities</b>			
(a) Trade Payables	5		
(i) Total outstanding dues of micro enterprises and small enterprises		42	11
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		2,618	3,004
(b) Other Current Liabilities	6	5,787	5,419
(c) Short-term Provisions	7	229	552
<b>TOTAL</b>		<b>47,178</b>	<b>47,603</b>
<b>II ASSETS</b>			
<b>1 Non-current Assets</b>			
(a) Fixed Assets	8		
(i) Tangible Assets		5,475	7,126
(ii) Intangible Assets		1,599	972
(b) Non-current Investments	9	8,704	8,704
(c) Deferred Tax Assets	10	1,942	1,597
(d) Long-term Loans and Advances	11	1,911	1,532
<b>2 Current Assets</b>			
(a) Current Investments	12	3,358	2,001
(b) Trade Receivables	13	17,420	18,881
(c) Cash and Bank Balances	14	1,639	1,131
(d) Short-term Loans and Advances	15	734	962
(e) Other Current Assets	16	4,396	4,697
<b>TOTAL</b>		<b>47,178</b>	<b>47,603</b>
Significant Accounting Policies	1		

The accompanying notes 1 to 39 are an integral part of the Financial Statements.

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

**For Lovelock & Lewes**  
Firm Registration Number : 301056E  
Chartered Accountants

**Sunit Kumar Basu**  
**Partner**  
Membership Number : 55000

Place : Kolkata  
Date : 27th April, 2016

On behalf of the Board

**S. Rajagopalan**  
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 31<sup>ST</sup> MARCH, 2016

	Note	For the year ended 31 <sup>st</sup> March, 2016 (₹ in Lakhs)	For the year ended 31 <sup>st</sup> March, 2015 (₹ in Lakhs)
<b>I Revenue from Operations</b>	17	93,244	95,916
<b>II Other Income</b>	18	2,888	4,686
<b>Total Revenue</b>		<u>96,132</u>	<u>100,602</u>
<b>III Expenses</b>			
Employee Benefits Expense	19	57,862	55,932
Other Expenses	20	22,608	24,553
Finance Costs	21	–	31
Depreciation and Amortisation Expense	8	2,133	2,072
<b>Total Expenses</b>		<u>82,603</u>	<u>82,588</u>
<b>IV Profit Before Tax</b>		<u>13,529</u>	<u>18,014</u>
<b>V Tax Expenses</b>	22		
Current Tax		5,056	5,680
Deferred Tax		(345)	134
		<u>4,711</u>	<u>5,814</u>
<b>VI Profit After Tax</b>		<u>8,818</u>	<u>12,200</u>
Earnings Per Share (in ₹) (Face value ₹ 10 each) (Basic and Diluted)	29	<u>10.35</u>	<u>14.32</u>

Significant Accounting Policies 1

The accompanying notes 1 to 39 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 Lovelock &amp; Lewes

Firm Registration Number : 301056E

Chartered Accountants

Sunit Kumar Basu

Partner

Membership Number : 55000

Place : Kolkata

Date : 27th April, 2016

On behalf of the Board

S. Rajagopalan  
Managing DirectorS. Sivakumar  
Vice ChairmanR. Batra  
Chief Financial OfficerS. V. Shah  
Company SecretaryCASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

	For the year ended 31 <sup>st</sup> March, 2016 (₹ in Lakhs)	For the year ended 31 <sup>st</sup> March, 2015 (₹ in Lakhs)
<b>A PROFIT BEFORE TAX</b>	13,529	18,014
<b>ADJUSTMENTS FOR :</b>		
Depreciation and Amortisation Expense	2,133	2,072
Dividend Income from Subsidiary Company	(1,519)	(2,844)
Dividend Income from Current Investments	–	(270)
Gain on sale of Current Investments	(313)	(95)
Fixed Assets – Loss on Sale / Discarded (net)	1,082	134
Unrealised (Gain) / Loss on Exchange (net)	23	(392)
Provision for Doubtful Receivables, Loans and Advances	164	49
Interest Received on Deposit and Others (on Employee Loans etc.)	(1)	–
Finance Costs – Interest expense	–	31
Liabilities no longer required written back (included in Other Operating Revenues)	–	(7)
	<u>1,569</u>	<u>(1,322)</u>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<u>15,098</u>	<u>16,692</u>
<b>ADJUSTMENTS FOR :</b>		
Trade Receivables, Loans and Advances and Other Assets	2,148	(1,709)
Trade Payables, Other Liabilities and Provisions	(1,662)	(2,900)
<b>CASH FROM OPERATIONS</b>	<u>15,584</u>	<u>12,083</u>
Income Tax Paid	(5,522)	(7,244)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>10,062</u>	<u>4,839</u>
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(1,138)	(3,505)
Purchase of Current Investments	(103,300)	(116,735)
Sale / Redemption of Current Investments	102,256	120,238
Interest Received on Deposit and Others (on Employee Loans etc.)	1	–
Dividend Income from Current Investments	–	270
Dividend Income from Subsidiary Company	1,519	2,844
<b>NET CASH FROM / (USED IN) INVESTING ACTIVITIES</b>	<u>(662)</u>	<u>3,112</u>

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2016 (Contd)

Note	For the year ended 31st March, 2016 (₹ in Lakhs)	For the year ended 31st March, 2015 (₹ in Lakhs)
<b>C CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Interim Dividend on Equity Shares	(7,668)	(7,668)
Income Tax on Interim Dividend	(1,252)	(964)
Proceeds from Borrowings	–	10,000
Repayments of Borrowings	–	(10,000)
Interest paid	–	(31)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(8,920)</b>	<b>(8,663)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>480</b>	<b>(712)</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>1,158</b>	<b>1,870</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>1,638</b>	<b>1,158</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE :</b>		
Cash and Cash Equivalents as above	1,638	1,158
Unrealised (Loss) / Gain on Foreign Currency Cash and Cash Equivalents	1	(27)
Cash and Bank Balances (Note 14)	1,639	1,131

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 "Cash Flow Statements".

The accompanying notes 1 to 39 are an integral part of the Financial Statements.

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

**For Lovelock & Lewes**

Firm Registration Number : 301056E

Chartered Accountants

**Sunit Kumar Basu**

Partner

Membership Number : 55000

Place : Kolkata

Date : 27th April, 2016

**On behalf of the Board**

**S. Rajagopalan**  
Managing Director

**S. Sivakumar**  
Vice Chairman

**R. Batra**  
Chief Financial Officer

**S. V. Shah**  
Company Secretary

**NOTES TO THE FINANCIAL STATEMENTS****Note No.****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.

**1 SIGNIFICANT ACCOUNTING POLICIES****a) Convention**

To prepare financial statements in accordance with applicable Accounting Standards in India. A summary of important accounting policies, which have been applied consistently, is set out below. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 2013, as applicable.

**b) Basis of Accounting**

To prepare financial statements in accordance with the historical cost convention.

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 the Schedule III to the Companies Act, 2013, based on the nature of services rendered and their realisation in cash and cash equivalents.

**c) Revenue Recognition**

To recognise revenues from services performed on a "time and material" basis, as and when the services are performed.

To recognise revenues from services performed on "time bound fixed-price engagements" 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.

To recognise revenue from trading in software packages / licenses / hardware upon delivery to customer.

To treat amounts received or billed in advance of services performed as unearned revenue. Unbilled revenue represents amounts recognised based on services performed in advance of billing in accordance with contract terms.

**d) Fixed Assets**

To state fixed assets at actual cost less accumulated depreciation. The actual cost capitalised includes material cost, freight, installation cost, duties and taxes, finance charges and other incidental expenses incurred during the construction / installation stage.

To capitalise software where it is expected to provide future enduring economic benefits. Capitalisation costs include license fees and costs of implementation / system integration services. The costs are capitalised in the year in which the relevant software is implemented for use.

To charge off as revenue expenditure all upgradations / enhancements unless they bring similar significant additional benefits.

**e) Capital Work-in-Progress**

To treat cost of assets not ready for use before the year-end as capital work-in-progress.

**f) Depreciation / Amortisation**

To calculate depreciation / amortised on Fixed Assets, Tangible and Intangible, in a manner that depreciates / amortises the cost of the assets after commissioning (or other amount substituted for cost), less its residual value, over their estimated useful lives, or useful lives specified in Schedule II of the Companies Act, 2013.

Leasehold improvements are depreciated over a period shorter of lease period or estimated useful lives.

Capitalised software costs are amortised on the straight-line method over a period of five years or over the estimated useful lives, as is appropriate.

**g) Impairment of Assets**

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceed their recoverable amount. Recoverable amount is higher of an asset's net selling price 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



## NOTES TO THE FINANCIAL STATEMENTS

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.

**h) Investments**

To state Current Investments at lower of cost and fair value; and Long Term Investments, including in Joint Ventures and Associates, at cost. Where applicable, provision is made to recognise a decline, other than temporary, in valuation of Long Term Investments.

**i) Investment Income**

To account for income from Investments on an accrual basis, inclusive of related tax deducted at source. To account for income from dividends when the right to receive such dividends is established.

**j) Proposed Dividend**

To provide for Dividends (including income tax thereon) in the books of accounts as proposed by the Directors, pending approval at the Annual General Meeting.

**k) Lease Rentals**

To charge rentals in respect of leased premises and equipment to the Statement of Profit and Loss.

**l) Research and Development**

To charge off all revenue expenditure incurred on research and development in the year it is incurred. Assets purchased for research and development activities are included in fixed assets.

**m) Taxes on Income**

To provide and determine current tax as the amount of tax payable in respect of taxable income for the period, measured using applicable tax rates and tax laws.

To provide and recognise deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence, measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Not to recognise deferred tax assets on unabsorbed depreciation and carry forward losses unless there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

**n) Foreign Currency Translation**

To account for transactions in foreign currency at the exchange rate prevailing on the date of transactions. Gains / losses arising out of fluctuations in the exchange rates are recognized in the Statement of Profit and Loss in the period in which they arise.

To account for differences between the forward exchange rates and the exchange rates at the date of transactions, as income or expense over the life of the contracts.

To account for profit / loss arising on cancellation or renewal of forward exchange contracts as income / expense for the period.

To account for gains / losses on foreign exchange rate fluctuations relating to monetary assets and liabilities at the Balance Sheet date.

To account for premium paid on currency options in the Statement of Profit and Loss at the inception of the option.

To account for profit / loss arising on settlement or cancellation of currency option as income / expense for the period.

To recognise the net mark to market losses in the Statement of Profit and Loss on the outstanding portfolio of options / forwards / swaps as at the Balance Sheet date, and to ignore the net gain, if any.

To translate the financial statements of the foreign branch offices of the Company using the same principles and procedures stated above as the operations of such branches are integral in nature.

To translate the financial statement of non-integral foreign operations by recording the exchange difference arising on translation of assets / liabilities and income / expenses in a foreign exchange translation reserve.

**o) Employee Benefits**

To make regular monthly contributions to Provident Fund administered by the Government of India which is in the nature of defined contribution scheme and to charge such amounts paid / payable in the Statement of Profit and Loss.

To administer through duly constituted and approved independent trusts, various Gratuity and Pension Funds which are in the nature of defined benefit schemes. The liabilities towards such schemes including employee leave encashment are ascertained by an independent actuarial valuation as per the requirements of

Accounting Standard – 15 (revised 2005) on "Employee Benefits". To determine actuarial gains or losses as the difference between the actual and expected returns on plan assets, effect of changes in discount rates, unexpectedly high or low rates of employee turnover, early retirements, mortality or increase in salary benefits and the effect of changes in any other actuarial assumptions and to recognise such gains and losses immediately in the Statement of Profit and Loss as income or expense.

**p) Borrowing Costs**

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.

**q) Claims**

To disclose claims against the Company not acknowledged as debts after a careful evaluation of the facts and legal aspects of the matter involved.

**r) Segment Reporting**

To identify segments having regard to the dominant source and nature of risks and returns and the internal organisation and management structure.

	As at 31 <sup>st</sup> March, 2016 (₹ in Lakhs)	As at 31 <sup>st</sup> March, 2015 (₹ in Lakhs)
<b>2. SHARE CAPITAL</b>		
<b>Authorised:</b>		
8,60,00,000 (2015 – 8,60,00,000)		
Equity Shares of ₹ 10 each	<u>8,600</u>	<u>8,600</u>
<b>Issued and subscribed :</b>		
8,52,00,000 (2015 – 8,52,00,000)		
Equity Shares of ₹ 10 each, fully paid (All Equity Shares are held by ITC Limited, 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.)	<u>8,520</u>	<u>8,520</u>
<b>3. RESERVES AND SURPLUS</b>		
<b>Surplus in Statement of Profit and Loss</b>		
At the beginning of the year	28,984	25,500
Less: Depreciation on transition to Schedule II of the Companies Act, 2013, on Tangible Fixed Assets [Net of Deferred Tax ₹ Nil (2015 ₹ 44 lakhs)] (Refer Note 35)	–	(84)
Add : Profit for the year	8,818	12,200
Less : Appropriations		
Interim Dividend on Equity Shares	(7,668)	(7,668)
Income Tax on Interim Dividend	(1,252)	(964)
At the end of the year	<u>28,882</u>	<u>28,984</u>
<b>4. LONG TERM PROVISIONS</b>		
<b>Provision for Employee Benefits</b>		
Retirement Benefits	191	211
Compensated Absences	909	902
	<u>1,100</u>	<u>1,113</u>
<b>5. TRADE PAYABLES</b>		
Trade Payables (Refer Note 25)		
(i) Total outstanding dues of micro enterprises and small enterprises	42	11
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,618	3,004
	<u>2,660</u>	<u>3,015</u>
<b>6. OTHER CURRENT LIABILITIES</b>		
Unearned Revenue	154	177
Other Payables		
Employee	3,316	3,747
Statutory Dues	1,120	1,335
Other Liabilities [includes payables for Fixed Assets ₹ 1,197 Lakhs (2015 ₹ 144 Lakhs)]	1,197	160
	<u>5,787</u>	<u>5,419</u>
<b>7. SHORT TERM PROVISIONS</b>		
<b>Current Portion of Long-Term Employee Benefits</b>		
Retirement Benefits	–	319
Compensated Absences	229	233
	<u>229</u>	<u>552</u>

## NOTES TO THE FINANCIAL STATEMENTS

## 8. FIXED ASSETS – 2015–16

(₹ in Lakhs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK		
	As at 1 <sup>st</sup> April, 2015	Additions / Adjustments	Withdrawals	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	For the Year	On Withdrawals/ Adjustments	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015	
<b>(i) TANGIBLE ASSETS</b>											
Leasehold Properties-Building Improvement	3,837	76	593	3,320	2,692	292	292	2,692	628	1,145	
Plant and Equipment	895	55	188	762	429	32	72	389	373	466	
Furniture and Fixtures	1,979	137	215	1,901	1,097	104	174	1,027	874	882	
Motor Vehicles	13	–	–	13	2	2	–	4	9	11	
Office Equipment	1,315	81	292	1,104	605	201	201	605	499	710	
Computers, Servers and Networks	5,644	486	543	5,587	3,247	874	452	3,669	1,918	2,397	
Electrical Installations and Equipment	2,963	277	602	2,638	1,448	176	160	1,464	1,174	1,515	
<b>SUB TOTAL</b>	<b>16,646</b>	<b>1,112</b>	<b>2,433</b>	<b>15,325</b>	<b>9,520</b>	<b>1,681</b>	<b>1,351</b>	<b>9,850</b>	<b>5,475</b>	<b>7,126</b>	
Previous Year	15,040	2,593	987	16,646	8,652	1,646	778	9,520	7,126		
<b>(ii) INTANGIBLE ASSETS</b>											
Capitalised Software	4,875	1,079	–	5,954	3,903	452	–	4,355	1,599	972	
<b>SUB TOTAL</b>	<b>4,875</b>	<b>1,079</b>	<b>–</b>	<b>5,954</b>	<b>3,903</b>	<b>452</b>	<b>–</b>	<b>4,355</b>	<b>1,599</b>	<b>972</b>	
Previous Year	4,450	542	117	4,875	3,541	426	64	3,903	972		
<b>GRAND TOTAL</b>	<b>21,521</b>	<b>2,191</b>	<b>2,433</b>	<b>21,279</b>	<b>13,423</b>	<b>2,133</b>	<b>1,351</b>	<b>14,205</b>	<b>7,074</b>	<b>8,098</b>	
Previous Year	19,490	3,135	1,104	21,521	12,193	2,072	842	13,423	8,098		

## FIXED ASSETS – 2014–15

(₹ in Lakhs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK			
	As at 1 <sup>st</sup> April, 2014	Reclassification / Adjustment #	Additions	Withdrawals	As at 31 <sup>st</sup> March, 2015	As at 1 <sup>st</sup> April, 2014	Reclassification / Adjustment #*	For the Year	On Withdrawals	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>(i) TANGIBLE ASSETS</b>												
Leasehold Properties – Building Improvement	3,491	–	386	40	3,837	2,504	–	223	35	2,692	1,145	987
Plant and Equipment	4,480	(3,696)	123	12	895	2,216	(1,802)	26	11	429	466	2,264
Furniture and Fixtures	1,671	(4)	380	68	1,979	1,065	(4)	101	65	1,097	882	606
Motor Vehicles	–	13	–	–	13	–	–	2	–	2	11	–
Office Equipment	276	945	170	76	1,315	104	393	180	72	605	710	172
Computers, Servers and Networks*	5,122	(5)	1,168	641	5,644	2,763	124	968	608	3,247	2,397	2,359
Electrical Installations and Equipment	–	2,747	366	150	2,963	–	1,417	146	115	1,448	1,515	–
<b>SUB TOTAL</b>	<b>15,040</b>	<b>–</b>	<b>2,593</b>	<b>987</b>	<b>16,646</b>	<b>8,652</b>	<b>128</b>	<b>1,646</b>	<b>906</b>	<b>9,520</b>	<b>7,126</b>	<b>6,388</b>
Previous Year	12,607	–	2,698	265	15,040	6,706	–	2,180	234	8,652	6,388	
<b>(ii) INTANGIBLE ASSETS</b>												
Capitalised Software	4,450	–	542	117	4,875	3,541	–	426	64	3,903	972	909
<b>SUB TOTAL</b>	<b>4,450</b>	<b>–</b>	<b>542</b>	<b>117</b>	<b>4,875</b>	<b>3,541</b>	<b>–</b>	<b>426</b>	<b>64</b>	<b>3,903</b>	<b>972</b>	<b>909</b>
Previous Year	4,140	–	310	–	4,450	3,208	–	333	–	3,541	909	
<b>GRAND TOTAL</b>	<b>19,490</b>	<b>–</b>	<b>3,135</b>	<b>1,104</b>	<b>21,521</b>	<b>12,193</b>	<b>128</b>	<b>2,072</b>	<b>970</b>	<b>13,423</b>	<b>8,098</b>	<b>7,297</b>
Previous Year	16,747	–	3,008	265	19,490	9,914	–	2,513	234	12,193	7,297	

# Pursuant to notification of Schedule II of the Companies Act, 2013, with effect from 1<sup>st</sup> April, 2014, the Company has reclassified its Fixed Assets during 2014–15

\* Reclassification / adjustment under Depreciation and Amortisation includes Rs. 128 Lakhs of depreciation adjusted against the opening balance of surplus in Statement of Profit and Loss pursuant to Schedule II of the Companies Act, 2013 (Refer Note 35)

	As at 31 <sup>st</sup> March, 2016 (₹ in Lakhs)	As at 31 <sup>st</sup> March, 2015 (₹ in Lakhs)		As at 31 <sup>st</sup> March, 2016 (₹ in Lakhs)	As at 31 <sup>st</sup> March, 2015 (₹ in Lakhs)
<b>9. NON-CURRENT INVESTMENTS</b>			<b>11. LONG – TERM LOANS AND ADVANCES</b>		
Long Term, Trade Investments – Unquoted (At Cost)			Good and Unsecured		
Subsidiary Companies			Loans to Employees	47	69
ITC Infotech Limited (UK)	687	687	Other Advances (Unexpired Expenses)	25	25
6,85,815 (2015 – 6,85,815) Equity Shares of GBP 1 each,			Deposits with Others (includes deposits for Company accommodations, offices)	128	193
fully paid ITC Infotech (USA), Inc.	8,017	8,017	Advance Tax * [Net of Provision for Income Tax ₹ 20,224 Lakhs (2015 ₹ 15,368)]	1,670	1,204
1,82,000 (2015 – 1,82,000) Ordinary Shares without par value, fully paid			* Advance tax includes MAT credit entitlement of ₹ 1,305 Lakhs (2015 ₹ 1,305 Lakhs) of earlier years		
	<u>8,704</u>	<u>8,704</u>	Advances with Government and Public Bodies	41	41
				<u>1,911</u>	<u>1,532</u>
<b>10. DEFERRED TAX ASSETS</b>			<b>12. CURRENT INVESTMENTS</b>		
Deferred Tax Assets			Current Investments (at lower of cost and fair value)		
On provision for employees' separation and retirement etc.	889	1,055	Investment in Mutual Funds – Unquoted		
On provision for doubtful receivables and advances	235	175	Reliance Liquid Fund–Treasury Plan– Growth Option 91,211 Units (2015 – Nil) of ₹ 1,000 Each	3,358	–
On fiscal allowances on fixed assets [including ₹ Nil (2015 ₹ 44 Lakhs) on depreciation adjusted against Surplus in Statement of Profit and Loss] (Refer Note 35)	566	294	Aggregate amount of unquoted investments	3,358	–
Other timing differences	252	73	Investment in Mutual Funds – Quoted		
	<u>1,942</u>	<u>1,597</u>	HDFC Liquid Fund – Growth Option Nil Units (2015 – 72,61,469 Units ) of ₹ 10 each	–	2,001
			Aggregate amount of quoted investments	<u>–</u>	<u>2,001</u>
				<u>3,358</u>	<u>2,001</u>
			Market value of quoted investments ₹ Nil (2015 ₹ 2,002 Lakhs)		
			Aggregate excess of cost over fair value ₹ Nil (2015 ₹ Nil)		

## NOTES TO THE FINANCIAL STATEMENTS

	As at 31 <sup>st</sup> March, 2016 (₹ in Lakhs)	As at 31 <sup>st</sup> March, 2015 (₹ in Lakhs)	For the year ended 31 <sup>st</sup> March, 2016 (₹ in Lakhs)	For the year ended 31 <sup>st</sup> March, 2015 (₹ in Lakhs)
<b>13. TRADE RECEIVABLES</b>				
Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	1,230	491		
Unsecured, considered doubtful	641	477		
	<u>1,871</u>	<u>968</u>		
Less: Provision for doubtful receivables	<u>(641)</u>	<u>(477)</u>		
	<u>1,230</u>	<u>491</u>		
<b>Others</b>				
Unsecured, considered good	<u>16,190</u>	<u>18,390</u>		
	<u>17,420</u>	<u>18,881</u>		
<b>14. CASH AND BANK BALANCES</b>				
Cash and Cash Equivalents @				
Cheques, Drafts on hand	477	-		
Balances with banks :				
On Current Accounts	1,162	1,131		
@ Cash and cash equivalents include cash on hand, cheques, drafts on hand, cash at bank and deposits with banks having original maturity of 3 months or less	<u>1,639</u>	<u>1,131</u>		
<b>15. SHORT – TERM LOANS AND ADVANCES</b>				
<b>Unsecured, Considered Good</b>				
Advances with Statutory Authorities	170	428		
Loans to Employees	55	28		
Other Advances (includes advance to employees, unexpired expenses)	411	420		
Deposits with Others (includes deposits for Company accommodations, offices)	98	86		
<b>Unsecured Considered Doubtful</b>				
Loans to Employees	22	22		
Other Advances (includes advance to employees)	15	15		
	<u>37</u>	<u>37</u>		
Less : Provision for Short – Term Loans and Advances	<u>(37)</u>	<u>(37)</u>		
	<u>734</u>	<u>962</u>		
<b>16. OTHER CURRENT ASSETS</b>				
<b>Unsecured, Considered Good</b>				
Unbilled Revenue	4,313	4,697		
Other Current Assets	83	-		
	<u>4,396</u>	<u>4,697</u>		
<b>17. REVENUE FROM OPERATIONS</b>				
<b>Sale of Services</b>				
Exports	65,751	75,873		
Domestic	23,898	19,734		
<b>Resale of Software and Hardware</b>				
Exports	1	7		
Domestic	357	295		
Other Operating Revenues [Includes Solicitation Fee ₹ 3,237 Lakhs (2015 ₹ Nil)]	<u>3,237</u>	<u>7</u>		
	<u>93,244</u>	<u>95,916</u>		
<b>18. OTHER INCOME</b>				
Interest on Deposits (Gross)			-*	-*
Interest Others (includes interest on income tax refunds, employee loans)			-*	83
Dividend from Subsidiary Company	1,519			2,844
Gain on Exchange (Net)	1,034			1,350
Miscellaneous Income	22			44
Gain on sale of Current Investments	313			95
Dividend Income from Current Investments	-			270
* Amount is below the rounding off norm adopted by the Company			<u>2,888</u>	<u>4,686</u>
<b>19. EMPLOYEE BENEFITS EXPENSE</b>				
Salaries and Bonus	54,932			53,100
Contribution to Provident and Other Funds (Refer Note 28)	1,812			2,063
Workmen and Staff Welfare Expenses	838			530
Reimbursement of Contractual Remuneration	280			239
	<u>57,862</u>			<u>55,932</u>
<b>20. OTHER EXPENSES</b>				
Rent (Refer Note 26)	1,920			1,920
Rates and Taxes	51			19
Insurance	471			494
Travelling and Conveyance	7,538			7,747
Recruitment Expenses	434			603
Communication	640			542
Power and Fuel	778			766
Outsourcing Charges	4,571			7,524
Software and Related Expenses	1,240			1,333
Purchase of Hardware and Software for Resale	288			218
Business Development Expenses	734			734
Repairs and Maintenance				
– Buildings	219			217
– Machinery	139			220
– Others	155			208
Legal, Professional and Consultancy Expenses	1,037			737
Doubtful and Bad Receivables	164			49
Fixed Assets Discarded	1,082			134
Auditors' Remuneration and Expenses (Refer Note 30)	22			20
Expenditure on Corporate Social Responsibility (Refer Note 23)	283			190
Training and Development	307			342
Bank Charges	29			40
Printing and Stationery	36			36
Miscellaneous Expenses	470			460
	<u>22,608</u>			<u>24,553</u>
<b>21. FINANCE COSTS</b>				
Interest Expense on :				
Borrowings (Refer Note 39)			-	31
			-	31
<b>22. TAX EXPENSES</b>				
Current Tax	5,061			5,680
[including overseas taxes ₹ 196 Lakhs (2015 ₹ 104 Lakhs)]				
Adjustments / (Credits) related to previous years (Net)	(5)			-
	<u>5,056</u>			<u>5,680</u>
Deferred Tax Charge / (Credit)	(345)			134
	<u>4,711</u>			<u>5,814</u>

**23. Expenditure on Corporate Social Responsibility**

- Gross amount required to be spent by the Company during the year ₹ 283 Lakhs (2015 ₹ 185 Lakhs)
- Amount spent during the year in cash for purpose other than construction / acquisition of an asset ₹ 283 Lakhs (2015 ₹ 190 Lakhs) (Refer Note 39)

**24. Commitments and Contingencies**

- There is no contract remaining to be executed on capital account and not provided (2015 ₹ Nil).
- Claims against the Company not acknowledged as debts ₹ 2,296 Lakhs (2015 ₹ 1,996 Lakhs). These comprise:
  - Service tax claims disputed by the Company relating to issues of applicability aggregating ₹ 108 Lakhs (2015 ₹ 98 Lakhs).
  - Income tax claims disputed by the Company relating to issues of applicability and determination aggregating ₹ 2,188 Lakhs (2015 ₹ 1,898 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

## NOTES TO THE FINANCIAL STATEMENTS

the above. An amount of ₹ 15 Lakhs (2015 ₹ 15 Lakhs) has been deposited under protest and is included in Note 11 under Long-Term Loans and Advances.

## 25. Micro Enterprises and Small Enterprises

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

	31st March, 2016	31st March, 2015
(a) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year.		
Principal amount due	₹ 42 Lakhs	₹ 11 Lakhs
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.	-	-
26. The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office etc.). These leasing arrangements, which are not non-cancellable, range between 11 months and 9 years generally, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable by the Company on account of such not non-cancellable leasing arrangements ₹ 1,733 Lakhs (2015 ₹ 1,748 Lakhs) have been charged as Rent under Note 20 to the Accounts.		

The Company has a few non-cancellable leasing arrangements, with lock-in period upto 2 years, for which the lease rentals of ₹ 187 Lakhs (2015 ₹ 172 Lakhs) has been charged as Rent under Note 20 to the Accounts.

The future minimum lease payments for the non-cancellable operating leases are as follows:

	31st March, 2016	31st March, 2015
Not later than one year	₹ 80 Lakhs	₹ 186 Lakhs
Later than one year and not later than five years	₹ 6 Lakhs	₹ 66 Lakhs

27. The Company uses forward exchange contracts to hedge against its foreign currency exposure relating to the underlying transactions and firm commitments. The use of foreign exchange forward contracts reduces the risk or cost to the Company. The Company does not use the foreign exchange forward contracts for trading or speculation purposes. The information on such outstanding contracts as at the year-end is as follows:

(in Lakhs)

Currency	Cross Currency	31 <sup>st</sup> March, 2016		31 <sup>st</sup> March, 2015	
		Buy	Sell	Buy	Sell
GBP	USD	-	8	-	18
EUR	USD	-	27	-	137
USD	INR	15	150	-	288
AUD	USD	-	4	-	5
DKK	USD	-	-	125	-
ZAR	USD	-	81	-	19
NOK	USD	9	-	28	-

Foreign exchange currency exposures that have not been hedged by a derivative instrument or otherwise as at year-end:

(in Lakhs)

Currency	Cross Currency	31 <sup>st</sup> March, 2016			31 <sup>st</sup> March, 2015		
		Buy	Sell	Net #	Buy	Sell	Net
GBP	USD	-	20	(20)	38	34	4
EUR	USD	9	2	7	9	-	9
USD	INR	-	-	-	7	-	7
AUD	USD	5	2	3	5	-	5
DKK	USD	335	1	334	182	-	182
AED	USD	11	2	9	3	-	3
HKD	USD	17	-	17	13	-	13
ZAR	USD	5	3	2	5	-	5
SEK	USD	-	-	-	5	-	5
SAR	USD	-	-	-	-	-	-
MYR	USD	-	-	-	-	-	-
NOK	USD	42	-	42	19	-	19

# Figures in brackets indicate open exports. Figures without brackets indicate open imports.

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

## NOTES TO THE FINANCIAL STATEMENTS

## 28. Employee Benefits

- (a) The following table sets out the Defined Benefit Plans / Long-Term Compensated Absences as per Actuarial Valuation as on 31st March, 2016 and recognised in the financial statements in respect of Employee Benefit Schemes:

(₹ in Lakhs)

	For the year ended 31st March, 2016			For the year ended 31st March, 2015		
	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
I. Components of Employer Expense	Partly Funded	Funded	Unfunded	Partly Funded	Funded	Unfunded
1 Current Service Cost	228	222	214	202	197	217
2 Interest Cost	206	170	77	203	152	77
3 Expected Return on Plan Assets	(207)	(170)	-	(170)	(123)	-
4 Actuarial Losses/(Gains)	(182)	(250)	(79)	(152)	89	(68)
5 Total expense recognised in the Statement of Profit and Loss	45	(28)	212	83	315	226
The Pension and Gratuity Expenses have been recognised in "Contribution to Provident and Other Funds" and Leave Encashment in "Salaries and Bonus" in Note 19.						
II. Actual Returns	199	169	-	317	207	-
III. Net Asset / (Liability) recognised in Balance Sheet						
1 Present Value of Defined Benefit Obligation	2,917	2,270	1,138	2,830	2,411	1,135
2 Fair Value of Plan Assets	(2,726)	(2,298)	-	2,614	2,097	-
3 Status [Surplus/(Deficit)]	(191)	28	(1,138)	(216)	(314)	(1,135)
Current	-	28	(229)	(5)	(314)	(233)
Non-current	(191)	-	(909)	(211)	-	(902)
4 Net Asset / (Liability) recognised in Balance Sheet	(191)	28	(1,138)	(216)	(314)	(1,135)
IV. Change in Defined Benefit Obligations (DBO)						
1 Present Value of DBO at beginning of the year	2,830	2,411	1,135	2,815	2,031	1,087
2 Current Service Cost	228	222	214	202	197	217
3 Interest Cost	206	170	77	203	152	77
4 Actuarial (Gains)/Losses	(190)	(251)	(79)	(6)	172	(68)
5 Benefits Paid	(157)	(282)	(209)	(384)	(141)	(178)
6 Present Value of DBO at the end of the year	2,917	2,270	1,138	2,830	2,411	1,135
V. Best Estimate of Employer's Expected Contribution for the next year	-	370	-	491	189	-
VI. Change in Fair Value of Assets						
1 Plan Assets at beginning of the year	2,614	2,097	-	1,761	1,084	-
2 Expected Return on Plan Assets	207	170	-	170	123	-
3 Actuarial Gains/(Losses)	(8)	(1)	-	147	84	-
4 Actual Company Contributions	70	314	-	920	947	-
5 Benefits Paid	(157)	(282)	-	(384)	(141)	-
6 Plan Assets at the end of the year	2,726	2,298	-	2,614	2,097	-
VII. Actuarial Assumptions						
	For the year ended 31st March, 2016			For the year ended 31st March, 2015		
1 Discount Rate (%)	7.50%			7.75%		
2 Expected Return on Plan Assets (%)	7.75%			7.75%		
3 Long term rate of compensation increase (%)	8%			8%		
The estimates of future salary increases, considered in actuarial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.						
VIII. Major Category of Plan Assets as a % of the Total Plan Assets						
	As at 31st March, 2016			As at 31st March, 2015		
1 Government Securities / Special Deposit with RBI	37%			39%		
2 High Quality Corporate Bonds	29%			34%		
3 Insurance Companies*	23%			16%		
4 Mutual Funds	3%			3%		
5 Cash and Cash Equivalents	8%			8%		
* 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.						
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 optimise returns within acceptable risk parameters, the plan assets are well diversified.						

## NOTES TO THE FINANCIAL STATEMENTS

X.	Net Asset / (Liability) recognized in Balance Sheet (including experience adjustment impact)	For the year ended 31st March, 2016			For the year ended 31st March, 2015			For the year ended 31st March, 2014			For the year ended 31st March, 2013			For the year ended 31st March, 2012		
		Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment	Pension	Gratuity	Leave Encashment
1	Present Value of Defined Benefit Obligation	2,917	2,270	1,138	2,830	2,411	1,135	2,815	2,031	1,087	2,568	1,438	853	1,933	1,285	827
2	Fair Value of Plan Assets	2,726	2,298	-	2,614	2,097	-	1,761	1,084	-	1,790	1,135	-	1,267	877	-
3	Status [Surplus/(Deficit)]	(191)	28	(1,138)	(216)	(314)	(1,135)	(1,054)	(947)	(1,087)	(778)	(303)	(853)	(666)	(408)	(827)
4	Experience Adjustment of Plan Assets [Gain / (Loss)]	(1)	(1)	-	120	64	-	(37)	(26)	-	(28)	(20)	-	(10)	(15)	-
5	Experience Adjustment of Obligation [(Gain) / Loss]	(238)	(279)	(91)	(160)	282	(59)	(67)	260	73	511	120	73	5	62	(56)

(b) Amounts towards Defined Contribution Plans have been recognised under "Contribution to Provident and Other Funds" in Note 19 ₹ 1,795 Lakhs (2015 ₹ 1,665 Lakhs).

	For the year ended 31 <sup>st</sup> March, 2016 (₹ in Lakhs)	For the year ended 31 <sup>st</sup> March, 2015 (₹ in Lakhs)	31 <sup>st</sup> March, 2016 (₹ in Lakhs)	31 <sup>st</sup> March, 2015 (₹ in Lakhs)
<b>29. Earnings per share</b>				
(a) Profit after Taxation	8,818	12,200		
(b) Weighted average number of Equity Shares	85,200,000	85,200,000		
(c) Earnings Per Share (Face value of ₹ 10 per share) (Basic and Diluted)	10.35	14.32		
<b>30. Auditors' Remuneration and Expenses</b> (Net of service tax credit)				
Audit Fees	15	15		
Tax Audit Fees	2	2		
Fees for Auditors' Certifications and Reports	4	2		
Reimbursement of Expenses	1	1		
	<u>22</u>	<u>20</u>		
<b>31. Value of Imports during the year</b> (C.I.F. Basis)				
Capital Goods	1,151	1,022		
	<u>1,151</u>	<u>1,022</u>		
<b>32. Expenditure in Foreign Currency during the year</b> (On Accrual Basis)				
Travel	3,521	3,607		
Professional, Consultancy and Account Management Fees	2,388	5,159		
Software and Related Expenses	66	60		
Expenditure of Foreign Branches	7,401	8,215		
Others	111	65		
	<u>13,487</u>	<u>17,106</u>		
<b>33. Earnings in foreign exchange during the year</b> (F.O.B. - Accrual Basis)				
Sale of Services and Resale of Software and Hardware	65,752	75,880		
Other Operating Revenue (Solicitation Fee)	3,237	-		
Dividend from Subsidiary Company	1,519	2,844		
	<u>70,508</u>	<u>78,724</u>		
<b>34. Interim Dividend</b>				
The Board of Directors of the Company at its meeting held on 7th December, 2015 has declared an interim dividend of ₹ 9 (2015 ₹ 9) per Equity Share of ₹ 10 each on 8,52,00,000 Equity Shares, aggregating ₹ 7,668 Lakhs (2015 ₹ 7,668 Lakhs). Further, the Board of Directors at its meeting held on 27th April, 2016, recommended the interim dividend as the final dividend for the financial year ended 31st March, 2016.				
<b>35.</b> Pursuant to notification of Schedule II of the Companies Act, 2013, with effect from 1st April, 2014, the Company has reviewed and revised the estimated useful life of its fixed assets. In respect of assets, whose useful life is exhausted as at 1st April, 2014, the related carrying amount aggregating ₹ 84 Lakhs (net of Deferred Tax of ₹ 44 Lakhs) has been adjusted against opening balance of surplus in Statement of Profit and Loss during 2014-15.				
<b>36.</b> Pursuant to the approval of the Board of Directors of ITC Infotech (USA), Inc., a wholly owned subsidiary of the Company, on 26th February, 2016, Pyxis Solutions, LLC, merged with ITC Infotech (USA), Inc. with effect from 1st April, 2016.				
<b>37.</b> Previous year's figures have been re-grouped / re-classified wherever necessary to correspond with the current year's classification / disclosure.				
<b>38. SEGMENT REPORTING</b>				
The Company operates in a single business segment - information technology, which is its primary segment. The geographical segments are secondary segments and have been identified accordingly as India, North America, Europe, Middle East and Africa and Rest of the World. In view of only one business segment, disclosure of information relating to primary segment is not applicable.				
			<b>SECONDARY SEGMENT INFORMATION</b> (GEOGRAPHICAL SEGMENTS):	
			<b>Segment Revenue</b>	
			India	27,010
			North America	16,878
			Europe	32,764
			Middle East and Africa	12,693
			Rest of the World	3,899
			<b>Total Revenue</b>	<u>93,244</u>
			<b>Segment Assets *</b>	
			India	26,506
			North America	3,356
			Europe	6,167
			Middle East and Africa	5,186
			Rest of the World	2,351
			<b>Total Assets</b>	<u>43,566</u>
			<b>Capital Expenditure *</b>	
			India	2,190
			Middle East and Africa	1
			<b>Total Capital Expenditure</b>	<u>2,191</u>
			* Fixed Assets and Capital Expenditure have been considered on the basis of physical location.	
			<b>39. RELATED PARTY DISCLOSURES AS PER ACCOUNTING STANDARD - 18</b>	
			(i) <b>HOLDING COMPANY:</b>	
			ITC Limited	
			(ii) <b>ENTERPRISES WHERE CONTROL EXISTS:</b>	
			<b>Wholly Owned Subsidiaries:</b>	
			ITC Infotech Limited (UK)	
			ITC Infotech (USA), Inc. and its wholly owned subsidiary Pyxis Solutions, LLC (Refer Note 36)	
			(iii) <b>OTHER RELATED PARTIES WITH WHOM THE COMPANY HAD TRANSACTIONS, etc.</b>	
			<b>Fellow Subsidiary Companies:</b>	<b>Entities under Common Control</b>
			Surya Nepal Private Limited	ITC Education Trust
			North East Nutrients Private Limited	ITC Sangeet Research Academy
			Technico Agri Sciences Limited	
			Russell Credit Limited	
			Wimco Limited	
			(iv) <b>KEY MANAGEMENT PERSONNEL</b>	
			<b>Non-Executive Directors</b>	<b>Others</b>
			Mr. Y.C. Deveshwar - Chairman	Ms. S. Rajagopalan, Managing Director
			Mr. S. Sivakumar - Vice Chairman	Mr. R. Batra, Chief Financial Officer
			Mr. A. Nayak (till 31st December, 2015)	Mr. S. V. Shah, Company Secretary
			Mr. B. B. Chatterjee	Mr. A. Talwar
			Mr. R. Tandon	Mr. V. Sreenivasan
			Mr. P. Chatterjee	Mr. H. S. Garewal
			Mr. R.G. Jacob	Mr. L. N. Balaji
				Mr. V. V. R. Babu (till 19th January, 2015)
				Mr. V. V. Rajasekhar (till 31st March, 2015)
				Mr. A. Jagannath (till 31st March, 2015)
				Mr. B. P. Abraham (till 31st March, 2015)
				Mr. R. K. Iyer (till 31st March, 2015)
				Ms. M. Sengupta (till 31st March, 2015)

(v) DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES AND THE STATUS OF OUTSTANDING BALANCES AS ON 31st MARCH, 2016

(₹ in Lakhs)

Sl. No.	Description	Holding Company		Wholly Owned Subsidiaries						Fellow Subsidiaries		Entities under Common Control		Key Management Personnel		Total	
		2016	2015	2016			2015			2016	2015	2016	2015	2016	2015		
				ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	Pyxis Solutions, LLC	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	Pyxis Solutions, LLC								
1	Sale of Goods / Services	12,232	11,516	9,963	16,507	164	8,368	16,264	150	570	568	-	-	-	-	39,436	36,866
2	Purchase of Goods / Services	100	63	-	-	-	3,394	129	-	-	-	-	-	-	-	100	3,586
3	Rent Paid	1,374	1,407	-	-	-	-	-	-	-	-	-	-	-	-	1,374	1,407
4	Remuneration to Key Management Personnel (KMP)																
	(i) Directors	-	-	-	-	-	-	-	-	-	-	-	-	139	93	139	93
	(ii) Others	-	-	-	-	-	-	-	-	-	-	-	-	132	413	132	413
5	Reimbursement of Contractual Remuneration [includes remuneration to KMP ₹ 125 Lakhs (2015 ₹ 117 Lakhs)]	280	239	-	-	-	-	-	-	-	-	-	-	-	-	280	239
6	Expenses Recovered	25	18	334	429	-	300	287	-	-	-	-	-	-	-	788	605
7	Expenses Reimbursed	793**	749	80	-	-	159	192	-	-	-	1	-	-	-	874	1,100
8	Receipt towards Loan Repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	4	-	4
9	Interim Dividend	7,668	7,668	-	-	-	-	-	-	-	-	-	-	-	-	7,668	7,668
10	Dividend Income	-	-	1,519	-	-	2,844	-	-	-	-	-	-	-	-	1,519	2,844
11	Interest Paid on Loans	-	-	-	-	-	-	-	-	-	31	-	-	-	-	-	31
12	Loans Received	-	-	-	-	-	-	-	-	-	10,000	-	-	-	-	-	10,000
13	Loan Repaid	-	-	-	-	-	-	-	-	-	10,000	-	-	-	-	-	10,000
14	Expenditure on Corporate Social Responsibility	-	-	-	-	-	-	-	-	-	-	283	190	-	-	283	190
15	Balances as at 31st March,																
	i) Trade Receivables	44	-	1,961	3,293	-	4,570	6,255	*	588	400	-	-	-	-	5,886	11,225
	ii) Trade Payables	2	3	28	-	-	3,652	324	-	-	-	-	-	-	-	30	3,979

\* The amount is below the rounding off norm adopted by the Company

\*\* Includes expenses reimbursed for KMP ₹ 5 Lakhs (2015 ₹ Nil)

39. RELATED PARTY DISCLOSURES AS PER ACCOUNTING STANDARD – 18

(vi) INFORMATION REGARDING SIGNIFICANT TRANSACTIONS / BALANCES

(₹ in Lakhs)

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

(₹ in Lakhs)

Related Party Transactions Summary	2016	2015
<b>1. Remuneration to KMP</b>		
Ms. S. Rajagopalan	133	92
Mr. R. Batra	74	73
Mr. V. Sreenivasan	72	58
Mr. A. Talwar	60	52
Mr. S. V. Shah	56	50
Mr. V. V. R. Babu	-	81
<b>2. Receipt towards Loan Repayment</b>		
Mr. V. V. R. Babu	-	4

Related Party Transactions Summary	2016	2015
<b>3. Interest paid on Loan</b> Russell Credit Limited	-	31
<b>4. Loan Received</b> Russell Credit Limited	-	10,000
<b>5. Loan Repaid</b> Russell Credit Limited	-	10,000
<b>6. Expenditure on Corporate Social Responsibility</b> ITC Education Trust	283	-
ITC Sangeet Research Academy	-	190

For Lovelock & Lewes

Firm Registration Number : 301056E

Chartered Accountants

Sunit Kumar Basu

Partner

Membership Number : 55000

Place : Kolkata

Date : 27th April, 2016

On behalf of the Board

S. Rajagopalan  
Managing Director

S. Sivakumar  
Vice Chairman

R. Batra  
Chief Financial Officer

S. V. Shah  
Company Secretary

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
2	Name of the Subsidiary	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	Not Applicable
4	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 = ₹ 95.47	Reporting Currency – USD Exchange Rate USD 1 = ₹ 66.26
5	Share Capital	655	12,059
6	Reserves and Surplus	2,746	1,033
7	Total Assets	8,325	21,187
8	Total Liabilities	8,325	21,187
9	Investments	-	-
10	Turnover (Note 1)	29,908	56,786
11	Profit before Taxation	951	1,123
12	Provision for Taxation	256	212
13	Profit after Taxation	695	911
14	Proposed Dividend	1,440	-
15	% of Shareholding	100%	100%

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

Note 2: Pyxis Solutions, LLC ("Pyxis") is a New York Limited Liability Company and does not have any share capital. ITC Infotech (USA), Inc., holds 100% membership interest of Pyxis (Refer Note 36).

Note 3: Pyxis is a disregarded entity for income tax purposes. ITC Infotech (USA), Inc. pays income tax on the consolidated results of its operations including Pyxis.

PART B: ASSOCIATES AND JOINT VENTURES – NOT APPLICABLE

For Lovelock & Lewes

Firm Registration Number : 301056E

Chartered Accountants

Sunit Kumar Basu

Partner

Membership Number : 55000

Place : Kolkata

Date : 27th April, 2016

On behalf of the Board

S. Rajagopalan  
Managing Director

S. Sivakumar  
Vice Chairman

R. Batra  
Chief Financial Officer

S. V. Shah  
Company Secretary