REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

Your Directors submit their Report for the financial year ended 31st March, 2018.

FINANCIAL RESULTS

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

	Consolidated(*) ₹ (crores)		Standalone ₹ (crores)	
Year Ended March 31,	**2018**	**2017**	**2018**	**2017**
Total Income	**1652.10**	1554.38	**1020.28**	936.16
Total Expenses	**1570.41**	1491.94	**965.14**	895.66
Profit before Tax	**81.69**	62.44	**55.14**	40.50
Tax Expenses	**(**) 41.27**	24.49	**27.46**	22.61
Profit after Tax	**40.42**	37.95	**27.68**	17.89

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

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

The financial results of your Company are prepared in accordance with Indian Accounting Standards (Ind AS) adopted w.e.f. 1st April, 2016.

DIVIDEND

Your Directors are pleased to recommend the interim dividend of ₹ 6/– (2017: Nil) per Equity Share of ₹10/– each on 8,52,00,000 Equity shares, aggregating ₹ 51,12,00,000/–, declared by the Board of Directors on 8th December, 2017 as the final dividend for the financial year ended 31st March, 2018.

BUSINESS REVIEW

The IT services and Business Process Management (BPM) industry continued its transformational journey in 2017-18, with the global IT services and BPM spend growing by ~4.3% and the Indian IT services and BPM industry growing by ~8% according to NASSCOM estimates.

2017-18 witnessed continuation of Digital adoption by businesses leading to an increased spend on digital technologies resulting in greater demand for efficiency through automation, IP-based solutions & platforms and in the emergence of business buyers of technology. The disruption caused by digital technologies is non-trivial as it has, in addition to displacing traditional established technologies, reduced the cost and time of implementation of technologies resulting in lower average deal sizes.

Your Company continues its transformation efforts to become a specialised full service provider led by Business and Technology Consulting with best-in-class services and solutions in select business verticals. The transformation journey this year focused on making the Company future ready, enhancing profitability and institutionalising capabilities. The capabilities developed in providing digital solutions like data, IoT and product engineering are beginning to see market traction. Your Company is also concentrating on building domain specific solutions and on bringing automation in software delivery and other internal processes.

During the year, your Company has strengthened partnerships with existing alliance partners and established new alliances in emerging technology areas. Your Company entered into a strategic partnership with PTC Inc. on its industry leading Augmented Reality platform to develop domain specific Augmented Reality solutions. The 'Digital Solutions Inoruption Center' and the 'ThingWorx® Co-Innovation Lab' were launched by your Company in collaboration with PTC Inc.

During the year, the Company's consolidated Revenue from Operations was ₹ 1644.49 crores (previous year ₹ 1543.70 crores), representing a growth of 8.3% in constant currency terms, with Profit Before Tax of ₹ 81.69 crores (previous year ₹ 62.44 crores). Net Profit stood at ₹ 40.42 crores (previous year ₹ 37.95 crores).

Your Company featured in the leader's category of 2018 Global Outsourcing 100 by the International Association of Outsourcing Professionals (IAOP) for the twelfth consecutive year. ISG reports on Provider Lens: ADM Quadrant Report US 2017 and Provider Lens: Managed Digital Workplace Services Quadrant Report US 2017 position your Company as a 'Product Challenger' in the categories of End-to-End Application Development & Maintenance, Application Support & Maintenance, Application Testing and Managed Digital Workplace Services. Your Company also successfully organised i-Tech 2017, the third edition of its annual technology event, with 'Experience Intelligence' as the theme focusing on the emerging technologies around Artificial Intelligence; the event generated strong interest among students, start-ups as well as professional developers to create solutions for complex business applications as part of a programming 'Codeathon'.

The outlook for the Indian IT industry is cautiously optimistic with the NASSCOM projecting a growth rate between 7% and 9% for 2018-19. With your Company seeing good results in the key lines of business i.e. Digital and Data, your Company is on course to becoming a specialised technology firm in a market that continues to be dynamic and uncertain. Currency volatility, protectionist moves by mature markets, pricing and consequently margin pressures are the key risks for your Company.

WHOLLY OWNED SUBSIDIARY COMPANIES

The audited financial statements of Infotech UK and Infotech USA, wholly owned subsidiaries of your Company, and Indivate Inc., a wholly owned subsidiary of Infotech USA, for the financial year 2017-18 form part of the Annual Report of your Company for the financial year 2017-18.

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

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

Company	Revenue		Net Profit	
	2017-18	2016-17	**2017-18**	2016-17
Infotech UK (in GBP million)	**42.44**	36.99	**1.27**	1.17
Infotech USA(#) (in US$ million)	**87.64**	91.36	**1.94**	1.31
Indivate Inc. (in US$)	**475,267**	78,010	**26,902**	(92,691)

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Changes in Directors and Key Managerial Personnel during the year

As reported in the previous year, Mr. R. G. Jacob (DIN: 07103329), Independent Director, stepped down from the Board of your Company on 28th July, 2017 due to personal reasons.

Mr. Sanjiv Puri (DIN: 00280529) was appointed by the Board on 17th August, 2017, as Additional Non-Executive Director and Sr. Vice Chairman of your Company.

Mr. Puri will vacate office at the 22nd Annual General Meeting of the Company (AGM).

Mr. Partho Chatterjee (DIN: 00042208), who completed his term as Independent Director of your Company on 22nd February, 2018, was appointed by the Board on 19th March, 2018, as Additional Non-Executive Director of the Company. Mr. Chatterjee will vacate office at the AGM.

The Board on 2nd May, 2018, recommended the appointment of Mr. Puri and Mr. Chatterjee as Non-Executive Directors of your Company. Notices under Section 160 of the Companies Act, 2013 (the Act) have been received from Mr. Puri and Mr. Chatterjee proposing their respective candidature for appointment as Director of the Company. Requisite consents, pursuant to Section 152 of Act, have been filed by Mr. Puri and Mr. Chatterjee to act as Directors, if appointed.

Appropriate resolutions seeking your approval for appointment of Mr. Puri and Mr. Chatterjee are included in the Notice convening the AGM.

Retirement by Rotation

In accordance with the provisions of Section 152 of the Act and Articles 143-145 of the Articles of Association of the Company, Mr. R. Tandon (DIN: 00042227) will retire by rotation at the AGM and, being eligible, offers himself for re-election.

BOARD COMMITTEES

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

The composition of the Board Committees is provided below:

Audit Committee

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

Nomination and Remuneration Committee

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

Corporate Social Responsibility Committee

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

BOARD / BOARD COMMITTEE MEETINGS

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

	No. of meetings held
Board	4
Audit Committee	5
Nomination and Remuneration Committee	3
Corporate Social Responsibility Committee	2

ATTRIBUTES, QUALIFICATIONS AND APPOINTMENT OF DIRECTORS

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

BOARD EVALUATION

The Board carried out for the year under review an evaluation of its performance and that of the individual Directors and functioning of the Board Committees in terms of Section 134(3)(p) of the Act. Such annual performance evaluation of the Board and the individual Directors was based on the criteria approved by the Nomination and Remuneration Committee. Reports of functioning of the Board Committees were placed before the Board by the respective Committee Chairman.

REMUNERATION POLICY

The Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and other employees of your Company is provided in 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 your Company. The Internal Audit Department of ITC Limited, as the Internal Auditors, periodically carries out risk focused audits which lead to identification of areas where risk management processes need to be strengthened. Further, the Corporate Audit Department of your Company, comprising identified managers, verifies compliance with laid down policies and procedures, and helps plug control gaps in the formulation of control procedures for newer areas of operation; their reports are provided to the Internal Auditors to enable a holistic approach to audit.

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

INTERNAL FINANCIAL CONTROLS

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

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Annual Report on CSR activities of your Company in terms of Section 134(3)(o) read with Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014, is provided in Annexure 2 to this Report.

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, your Company has ensured effective recycling of waste paper resulting in saving 60 trees, 71 KL of water, 1237 units of energy, and 3 cubic meters in landfill space.

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

II. FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earnings of your Company during the year were ₹ 69,226 lakhs (previous year - ₹ 63,977 lakhs) while the outgoings were ₹ 15,515 lakhs (previous year - ₹ 13,536 lakhs).

III. PARTICULARS OF EMPLOYEES

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

VI. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The details of material transaction(s) entered into by your Company with its related party(ies) are provided in Annexure 5 (AOC-2) to this Report. For this purpose, a transaction with a related party is considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the revenue from operations of the Company, as per its latest audited financial statements or ₹5000 lakhs, whichever is lower.

DIRECTORS' RESPONSIBILITY STATEMENT

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

i. followed in the preparation of the Financial Statements for the financial year ended 31st March, 2018, 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, 2018, 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

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

The Board, in terms of Section 142 of the Act, on the recommendation of the Audit Committee, has recommended for the approval of the Members the ratification of appointment of DHS as Auditors for the year 2018-19 and remuneration to DHS to conduct the audit of the Standalone Financial Statements and Consolidated Financial Statements for the financial year 2018-19.

Appropriate resolution seeking your approval in respect of the above is included in the Notice convening the AGM.

(b) Secretarial Auditor

Your Company appointed M/s. K. Dushyantha & Associates, Company Secretaries, to conduct the secretarial audit of your Company for the financial year ended 31st March, 2018. The report of M/s. K. Dushyantha & Associates, in terms of Section 204 of the Act is provided in Annexure 6 to this Report.

SECRETARIAL STANDARDS

Your Company has complied with the requirements of the Secretarial Standards issued by the Institute of Company Secretaries of India.

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

Your Company does not tolerate any sexual harassment at the workplace. In line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, and the Rules thereunder, the Company has in place an Internal Complaints Committee for conducting inquiry into the complaints received on harassments at the work place. During the year under review, one complaint was received by the Company and the same was investigated and dealt with.

ACKNOWLEDGEMENTS

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

Place: Kolkata
Date: 2nd May, 2018

Registered Office:		
Virginia House	**On behalf of the Board**	
37 Jawaharlal Nehru Road		
Kolkata 700 071	**S. Rajagopalan**	**S. Sivakumar**
India	Managing Director	Vice Chairman

ANNEXURE 1 TO THE REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

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/ Wholetime 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 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 specialised 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 THE BOARD OF DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

Annual Report on CSR Activities of the Company for the financial year ended 31st March, 2018

[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 CSR policy is also available on the Company's website at : https://www.itcinfotech.com/wp-content/uploads/2018/05/corporate-social-responsibility-policy.pdf
2.	Composition of the CSR Committee	Mr. S. Sivakumar (Chairman) Mr. B. B. Chatterjee Mr. P. Chatterjee
3.	Average net profits of the Company for last three financial years	₹ 10,331 lakhs
4.	Prescribed CSR Expenditure (two percent of the amount stated under 3 above)	₹ 206.63 lakhs
5.	Details of CSR spent during the financial year (a) Total amount to be spent for financial year (b) Amount unspent, if any (c) Manner in which the amount spent during the financial year is detailed below:	 ₹ 207 lakhs NIL

(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, in line with Clause (ii) of Schedule VII to the Act.	N.A	₹ 207 lakhs	₹ 207 lakhs	₹ 207 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.

S. Sivakumar
Chairman - CSR Committee

S. Rajagopalan
Managing Director

Dated : 2nd May, 2018

ANNEXURE 3 TO THE REPORT OF THE BOARD OF DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

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

Top ten employees in terms of remuneration drawn.

Name	Age	Designation	Gross Remuneration ₹	Net Remuneration ₹	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment/ Position held
1	2	3	4	5	6	7	8	9
KUMAR VISHAL #	47	Executive Vice President	15524344	15524344	B.E.	25	13-Jan-03	PSI Data Systems Ltd. Sales & Marketing Manager
SEETHARAM SUDHINDRA #	41	Account Manager	14488440	6430445	M.Sc., PGDBA	18	11-Aug-10	Mindtree Ltd. Test Lead
RAJAGOPALAN SUSHMA	54	Managing Director & Chief Executive Officer	14442592	7698822	M.B.A.	33	1-Aug-14	LiquidHub Inc. Global Partner
BATRA RAKESH ###	54	Chief Financial Officer	11530164	5135970	B.COM(H), FCA	32	1-Sep-06	–
SRINIVASULU DINESH #	45	General Manager - Business Development	11499732	6682564	B.Tech.	23	15-Jan-07	Accenture Services Pvt. Ltd. Associate Manager
PATNI MUDIT #	37	General Manager - Business Development	11440037	7489879	PGDM	14	31-Dec-07	Patni Computers Systems Ltd. Assistant Manager- Business Development
SAXENA SANDEEP ##	36	General Manager - Business Development	10768493	4345366	M.B.A.	16	6-Jun-14	Hexaware Technologies New BD
OCHANI ANUP #	41	General Manager - Business Development	10094461	10094461	B.E.	20	12-Nov-07	Aptiva Consulting Project Manager
RAJESH B.A.B #	50	General Manager - IT Services	9699027	6448736	B.Sc.	26	12-Jan-10	Bristlecone India Ltd. Manager- Delivery
KSHETRAPAL ADITYA	41	Vice President - Business Development	9264404	6264650	M.B.A.	17	10-Nov-14	Capgemini India Private Ltd. Senior Manager

Other employees employed throughout the year and in receipt of remuneration aggregating ₹ 1,02,00,000/-or more per annum - NIL

Other employees employed for a part of the year and in receipt of remuneration aggregating ₹ 8,50,000/- or more per month

Name	Age	Designation / Nature of Duties	Gross Remuneration ₹	Net Remuneration ₹	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment/ Position held
1	2	3	4	5	6	7	8	9
BHANDARU VIPIN #	32	Senior Manager - Business Development	11871131	7921921	M.B.A.	13	23-Aug-10	Infosys Technologies Ltd. Operations Executive
PERIVIER MARC ##	49	Senior Manager - Business Development	8729975	5488646	M.Fin.	25	23-Apr-12	PTC Business Development Manager
GHOSH SHUBHOBRATO ##	33	Senior Manager - Business Development	7022769	3122330	M.B.A.	10	1-Aug-17	Cognizant Technology Solutions, Sweden Senior Manager - Business Development
RAI ANKUSH #	34	Lead Consultant	5275071	3269613	B.E.	8	26-Aug-16	Wipro Ltd. Associate Consultant
REDDY PAVAN KUMAR #	35	Lead Consultant	2005564	1099043	B.E.	12	31-Jan-11	Valtech India System Pvt. Ltd. Senior Software Engineer

Notes :

1. # On secondment to a foreign branch; ## Employed directly by a foreign branch; gross and net remuneration converted into Indian rupees at the average of the month end inter bank exchange rate.
2. ### On deputation from ITC Ltd., the holding company; remuneration borne by the Company as per the terms of deputation of his services.
3. Remuneration includes salary, performance effectiveness pay,allowances,incentives,severance pay,other benefits/applicable perquisites except contribution to the approved 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.
4. 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.
5. Some of the employees listed above have been granted Stock Options by ITC Ltd., the holding company, under its Employee Stock Option Schemes, at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]. Since such options are not tradeable, no perquisite or benefit is immediately conferred upon the employee by such grant of Options, and accordingly the said grant has not been considered as remuneration.
6. All appointments are / were contractual in accordance with terms & conditions as per Company's rules.
7. None of the above employees is a relative of any Director of the Company.

On behalf of the Board

Kolkata, 2nd May, 2018

S. Rajagopalan
Managing Director

S. Sivakumar
Vice Chairman

ANNEXURE 4 TO THE REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

FORM MGT–9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2018

[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, Jawaharlal Nehru Road, Kolkata 700 071, West Bengal, India Phone: +91–33–2288 9900 E–mail: secretarial.i3l@itcinfotech.com
vi) Whether listed company Yes / No	:	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	ITC Limited Virginia House 37 Jawaharlal Nehru Road, Kolkata – 700071	L16005WB-1910PLC001985	Holding	100.00	2(46)
2.	ITC Infotech (USA), Inc. 12 Route, 17 North, Suite 303, Paramus, New Jersey 07652, United States of America	N.A	Subsidiary	100.00	2(87)(ii)
3.	ITC Infotech Limited, UK Norfolk House, 118 Saxon Gate West, Milton Keynes, MK9 2 DN, United Kingdom	N.A	Subsidiary	100.00	2(87)(ii)
4.	Indivate Inc., USA 820, Bear Tavern Road, West Trenton, New Jersey 08628 United States of America	N.A	Subsidiary	*100.00* *ITC Infotech (USA), Inc. holds the entire Share Capital*	2(87)(ii)(a)

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

(i) ***Category–wise Share holding***

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

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

(ii) ***Shareholding of Promoters***

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / en-cumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / en-cumbered 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 Share-holding 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

Amount (in ₹ Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year • Addition • Reduction	NIL	6000 (excluding Interest) 6000 (excluding Interest)	NIL	6000 (excluding Interest) 6000 (excluding Interest)
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	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) of the Income–tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income–tax Act, 1961	 127.00 11.67 –
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission – as % of profit – others, specify	–
5.	Others, please specify	–
	Total (A)	**138.67**
	Ceiling as per the Act (5% of the net profits of the Company computed in accordance with Section 198 of the Act.)	287.67

Note:

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

B. Remuneration to other directors: Amount in (₹ lakhs)

Sl. no.	Particulars of Remuneration	Name of Director		Total Amount
		Partho Chatterjee	Ranjit G Jacob	
1.	<u>Independent Directors</u> • Fee for attending board / committee meetings • Commission • Others, please specify	 2.25 NIL NIL	 NIL NIL NIL	 2.25 NIL NIL
	Total (1)	**2.25**	**NIL**	**2.25**
2.	<u>Other Non–Executive Directors</u> • Fee for attending board / committee meetings • Commission • Others, please specify	 0.45	 NIL	 0.45
	Total (2)	**0.45**	**NIL**	**0.45**
	Total (B)=(1+2)	2.70	NIL	2.70
	Total Managerial Remuneration (A+B)			**141.37**
	Overall Ceiling as per the Act (11% of the net profits of the Company computed in accordance with Section 198 of the Act.)			632.88

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

Amount in (₹ lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Rakesh Batra (Chief Financial Officer)**	Sanjay V Shah (Company Secretary)**	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income–tax Act, 1961	93.07	67.06	160.13
	(b) Value of perquisites u/s 17(2) of the Income–tax Act, 1961	19.51	9.19	28.70
	(c) Profits in lieu of salary under section 17(3) of the Income–tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission – as % of profit – others, specify	–	–	–
5.	Others, please specify	–	–	–
	Total	**112.58**	**76.25**	**188.83**

** Notes:

1. On deputation from ITC Ltd, the holding company; remuneration borne by the Company as per the terms of deputation of services.
2. Have been granted Stock Options by ITC Ltd, the holding company, at 'market price' [within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014] under the ITC Employee Stock Option Schemes. Since such Options are not tradeable, no perquisite or benefit is immediately conferred upon them by such grant of Options, and accordingly the said grant has not been considered as remuneration.

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

On behalf of the Board

S. Rajagopalan
Managing Director

S. Sivakumar
Vice Chairman

Dated : 2nd May, 2018

ANNEXURE 5 TO THE REPORT OF THE BOARD OF DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018
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	– Provision of IT Services – Pricing based on arm's length margin – Monthly invoicing; payment upon receipt of invoice – Value of transactions during the year – ₹ 16,098 lakhs
e)	Date(s) of approval by the Board, if any	N.A
f)	Amount paid as advances, if any	Nil

a)	Name(s) of the related party and nature of relationship	**ITC Infotech Limited, UK (Subsidiary)**
b)	Nature of contracts / arrangements / transactions	Sale of IT Services
c)	Duration of the contracts / arrangements / transactions	Continuing
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	– Subcontracting of execution and management of customer contracts – Pricing based on arm's length margin – Periodic invoicing; payment within 90 days – Value of transactions during the year – ₹ 12,385 lakhs
e)	Date(s) of approval by the Board, if any	N.A
f)	Amount paid as advances, if any	Nil

a)	Name(s) of the related party and nature of relationship	**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	– Subcontracting of execution and management of customer contracts – Pricing based on arm's length margin – Periodic invoicing; payment within 90 days – Value of transactions during the year – ₹ 16,797 Lakhs
e)	Date(s) of approval by the Board, if any	N.A
f)	Amount paid as advances, if any	Nil

a)	Name(s) of the related party and nature of relationship	**Russell Credit Limited (Russell), Fellow Subsidiary**
b)	Nature of contracts / arrangements / transactions	Unsecured Inter–Corporate Loan of ₹ 10,000 lakhs from Russell
c)	Duration of the contracts / arrangements / transactions	Not exceeding 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	– Simple Interest payable at 8.5% per annum – The Company may from time to time repay the loan in part or in full and may again borrow depending on business requirements provided that the total amount of loan outstanding at any point of time shall not exceed ₹ 10,000 lakhs – Loan received during the year ₹ 6,000 lakhs – Loan repaid during the year ₹ 6,000 lakhs – Interest paid during the year ₹ 12 lakhs
e)	Date(s) of approval by the Board, if any	7th December, 2015 and 7th December, 2017 (Audit Committee)
f)	Amount paid as advances, if any	Nil

On behalf of the Board

S. Rajagopalan — Managing Director

S. Sivakumar — Vice Chairman

Dated : 2nd May, 2018

ANNEXURE 6 TO THE REPORT OF THE BOARD OF DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

Form MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company and its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion and to the best of our understanding, the Company has, during the audit period covering the financial year ended 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has adequate Board processes and compliance mechanisms in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other relevant records maintained by the Company for the financial year ended 31st March, 2018, according to the applicable provisions of:

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

We have also examined forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2018 according to the applicable provisions of:

a. Software Technology Park of India (STPI) and the Rules made thereunder;
b. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
c. Income-tax Act, 1961;
d. The Payment of Bonus Act, 1965;
e. CGST, SGST, IGST Rules;
f. The Payment of Gratuity Act, 1972;
g. The Payment of Wages Act, 1936 ;
h. The Maternity Benefit Act, 1961 ;
i. The Child Labour (Prohibition and Regulation) Act, 1986
j. The Minimum Wages Act, 1948;
k. The Contract Labour (Regulation & Abolition) Act, 1970;
l. Shops & Establishment Act, 1961;
m. The Employees' State Insurance Act, 1948;

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

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

WE FURTHER REPORT THAT:

The Board of Directors of the Company is duly constituted with proper balance of Executive Director and Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013.

Notices were given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in compliance with the provisions of the Companies Act, 2013, the Rules made thereunder and the Secretarial Standards as applicable and an appropriate system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Resolutions so passed in General and Board meetings of the Company that were conducted during the period of Audit, views if any expressed by the members and directors in their respective meetings are adequately and effectively captured and recorded as part of the minutes of such meetings and necessary filings were made to the Registrar for registration of the resolution of such meetings.

There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Acts mentioned above, the Rules, Regulations and Guidelines framed under the said Acts against / on the Company, its Directors and Officers.

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

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

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

For K Dushyantha & Associates

Company Secretaries in Practice

K. Dushyantha Kumar
CP No.: 6003
FCS No.:6662

Date: 2nd May, 2018
Place: Bengaluru

Annexure A

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

Our Secretarial Audit Report for the financial year ended 31st March, 2018, of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For K Dushyantha & Associates
Company Secretaries in Practice

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

Date: 2nd May, 2018
Place: Bengaluru

INDEPENDENT AUDITOR'S REPORT

To The Members of ITC Infotech India Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of **ITC Infotech India Limited ("the Company")**, which comprise the Balance Sheet as at March 31, 2018 and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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 standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018 and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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 including Other Comprehensive Income, the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

      ii. The Company has long term contracts as at March 31, 2018 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at March 31, 2018;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **"Annexure B"** a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Anand Subramanian
Partner
(Membership No. 110815)

Place : Kolkata
Date : May 02, 2018

ANNEXURE "A" TO INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of **ITC Infotech India Limited ("the Company")** as of March 31, 2018 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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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.

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

Anand Subramanian
Partner
(Membership No. 110815)

Place : Kolkata
Date : May 02, 2018

ANNEXURE "B" TO INDEPENDENT AUDITOR'S REPORT

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

(i) In respect of the Company's fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The Company has a program of verification of fixed assets to cover all the fixed assets in a phased manner, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, the fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause 3(i)(c) of the Order is not applicable.

(ii) The Company is in the business of providing information technology and does not have any physical inventories. Accordingly, reporting under clause 3 (ii) of the Order is not applicable to the Company.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) The Company has not accepted any deposit during the year and did not have unclaimed deposits as at March 31, 2018 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Act for the business activities carried out by the Company. Thus reporting under clause 3(vi) of the order is not applicable to the Company.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Goods and Service Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) Detail of dues of Income-tax and Service Tax which have not been deposited as on March 31, 2018 on account of disputes are given below:

Name of the statute	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount (₹ in lakhs)
Finance Act, 1994	Service tax including interest and penalty.	The Commissioner (Appeals), Bangalore	April 01, 2007 to June 30, 2011	111*
Income tax Act, 1961	Income tax including interest.	The Commissioner of Income Tax (Appeals) I, Kolkata	Assessment Year 2014 –15	612

* Net of amount deposited under protest ₹ 15 lakhs.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institution.

The Company has not taken any loans or borrowings from banks and government or has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Act are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Anand Subramanian
Partner
(Membership No. 110815)

Place : Kolkata
Date : May 02, 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

		Note No.	As at 31st March, 2018 (₹ in lakhs)	As at 31st March, 2017 (₹ in lakhs)
I	**ASSETS**			
	1 Non-current Assets			
	(a) Property, Plant and Equipment	2	4,006	4,651
	(b) Other Intangible Assets	2	824	1,121
	(c) Financial Assets			
	(i) Investments	3 (a)	8,704	8,704
	(ii) Loans	4 (a)	14	26
	(iii) Others	5 (a)	–	1
	(d) Deferred Tax Assets (Net)	8	2,020	1,848
	(e) Other Non-Current Assets	9 (a)	3,412	3,001
	Sub-Total		**18,980**	**19,352**
	2 Current Assets			
	(a) Financial Assets			
	(i) Investments	3 (b)	3,605	10,016
	(ii) Trade Receivables	6	19,841	16,165
	(iii) Cash and Cash Equivalents	7	1,464	1,358
	(iv) Loans	4 (b)	5	6
	(v) Others	5 (b)	8,547	4,472
	(b) Other Current Assets	9 (b)	583	772
	Sub-Total		**34,045**	**32,789**
	TOTAL		**53,025**	**52,141**
II	**EQUITY AND LIABILITIES**			
	1 Equity			
	(a) Equity Share Capital	10	8,520	8,520
	(b) Other Equity		35,509	34,999
	2 Non-current Liabilities			
	(a) Provisions	11 (a)	1,532	1,169
	Sub-Total		**1,532**	**1,169**
	3 Current Liabilities			
	(a) Financial Liabilities			
	(i) Trade Payable and Accrued expenses		2,533	2,208
	(ii) Others	12	3,174	2,946
	(b) Other Current Liabilities	13	1,109	1,527
	(c) Provisions	11 (b)	648	772
	Sub-Total		**7,464**	**7,453**
	TOTAL		**53,025**	**52,141**

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

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

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

On behalf of the Board

Anand Subramanian
Partner
Membership Number : 110815

S. Rajagopalan
Managing Director

S. Sivakumar
Vice Chairman

Place : Kolkata
Date : 2nd May, 2018

R. Batra
Chief Financial Officer

S. V. Shah
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

		Note No.	For the year ended 31st March, 2018 (₹ in Lakhs)	For the year ended 31st March, 2017 (₹ in Lakhs)
I	**Revenue from Operations**	14	100,293	91,199
II	**Other Income**	15	1,735	2,417
III	**Total Income**		102,028	93,616
IV	**Expenses**			
	Employee Benefits Expense	16	70,876	65,658
	Finance Costs	17	12	–
	Depreciation and Amortisation Expense	2	1,902	2,088
	Other Expenses	18	23,724	21,820
	Total Expenses		96,514	89,566
V	**Profit Before Tax (III-IV)**		5,514	4,050
VI	**Tax Expenses**	19 (a)		
	Current Tax		3,109	2,203
	Deferred Tax Charge / (Credit)		(363)	58
			2,746	2,261
VII	**Profit for the Period (V-VI)**		2,768	1,789
VIII	**Other Comprehensive Income**			
	(a) Items that will not be Reclassified Subsequently to Profit or Loss			
	– Remeasurement of Net Defined Benefit Liability		546	105
	– Less: Tax Relating to Items that will not be Reclassified Subsequently to Profit or Loss	19 (b)	191	36
	(b) (i) Items that will be reclassified to Profit or Loss		–	–
	(ii) Tax relating to items that will be reclassified to Profit or Loss		–	–
	Total Other Comprehensive Income		355	69
IX	**Total Comprehensive Income for the Period (VII+VIII)**		3,123	1,858
X	**Earnings Per Share (in ₹) (Face value ₹10 each)** (Basic and Diluted)	25	3.25	2.10

The accompanying notes 1 to 35 are an integral part of the Financial Statements.
This is the Statement of Profit and Loss referred to in our Report of even date.

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

On behalf of the Board

Anand Subramanian
Partner
Membership Number : 110815
Place : Kolkata
Date : 2nd May, 2018

S. Rajagopalan
Managing Director

S. Sivakumar
Vice Chairman

R. Batra
Chief Financial Officer

S. V. Shah
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

A. Equity Share Capital

(₹ in Lakhs)

Balance at 1st April, 2016	Changes in Equity Share Capital during the year	Balance at 31st March, 2017	Changes in Equity Share Capital during the year	Balance at 31st March, 2018
8,520	–	8,520	–	8,520

B. Other Equity

(₹ in Lakhs)

	Retained Earning	Capital Contribution for Share Based Payments	Total
Balance as at 1st April, 2016	26,221	3,445	29,666
- Profit for the Period	1,789	-	1,789
- Remeasurement of Net Defined Benefit Liability (Net of Tax)	69	-	69
Total Comprehensive Income	**1,858**	-	**1,858**
- Recognition of Share Based Payment	-	3,475	3,475
- Options Lapsed during the Year	41	(41)	-
Balance as at 31st March, 2017	**28,120**	**6,879**	**34,999**
- Profit for the Period	2,768	-	2,768
- Remeasurement of Net Defined Benefit Liability (Net of Tax)	355	-	355
Total Comprehensive Income	**3,123**	-	**3,123**
- Payment of Dividend @ INR 6.00/- per share on 8.52 cr. shares	(5,112)	-	(5,112)
- Income tax on Dividend paid	(848)	-	(848)
- Recognition of Share Based Payment (refer note 27)	-	3,347	3,347
- Options Lapsed during the Year	78	(78)	-
Balance as at 31st March, 2018	**25,361**	**10,148**	**35,509**

The accompanying notes 1 to 35 are an integral part of the Financial Statements.
This is the Statement of Changes in Equity referred to in our Report of even date.

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

On behalf of the Board

Anand Subramanian
Partner
Membership Number : 110815
Place : Kolkata
Date : 2nd May, 2018

S. Rajagopalan
Managing Director

S. Sivakumar
Vice Chairman

R. Batra
Chief Financial Officer

S. V. Shah
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

		For the year ended 31st March, 2018 (₹ in Lakhs)		For the year ended 31st March, 2017 (₹ in Lakhs)	
A	**CASH FLOW FROM OPERATING ACTIVITIES :**				
	PROFIT BEFORE TAX		5,514		4,050
	ADJUSTMENTS FOR :				
	Depreciation and Amortisation Expense	1,902		2,088	
	Dividend Income from Subsidiary Company	(939)		(1,426)	
	Net Gain on Sale of Investments	(415)		(379)	
	Property, Plant and Equipment - (Gain) / Loss on Sale / Discarded (net)	48		(17)	
	Unrealised (Gain) / Loss on Exchange (net)	(225)		49	
	Share based Payments to Employees	2,499		2,629	
	Provision for Doubtful Receivables and Advances	276		36	
	Finance Costs - Interest expense	12		–	
	Liabilities no Longer Required Written Back (included in Other Operating Revenues)	–	3,158	(19)	2,961
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		8,672		7,011
	ADJUSTMENTS FOR :				
	Trade Receivables, Loans and Advances and Other Assets	(6,288)		1,221	
	Trade Payables, Other Liabilities and Provisions	374	(5,914)	40	1,261
	CASH FROM OPERATIONS		2,758		8,272
	Income Tax Paid		(3,527)		(3,380)
	NET CASH FROM/ (USED) IN OPERATING ACTIVITIES		(769)		4,892
B	**CASH FLOW FROM INVESTING ACTIVITIES :**				
	Purchase of Property, Plant and Equipment	(969)		(2,036)	
	Purchase of Current Investments	(127,250)		(158,850)	
	Sale / Redemption of Current Investments	134,077		152,574	
	Sale of Property, Plant and Equipment	9		79	
	Loans given	–		–	
	Loans realised	17		–	
	Dividend Income from Current Investments	–		–	
	Dividend Income from Subsidiary Company	939		1,426	
	Reimbursement of Value of Share Based Payments	–		1,626	
	NET CASH FROM / (USED) IN INVESTING ACTIVITIES		6,823		(5,181)
C	**CASH FLOW FROM FINANCING ACTIVITIES :**				
	Interim Dividend on Equity Shares	(5,112)		–	
	Income Tax on Interim Dividend	(848)		–	
	Proceeds from Borrowings	6,000		–	
	Repayments of Borrowings	(6,000)		–	
	Interest paid	(12)		–	
	NET CASH USED IN FINANCING ACTIVITIES		(5,972)		–
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		82		(289)
	OPENING CASH AND CASH EQUIVALENTS		1,349		1,638
	CLOSING CASH AND CASH EQUIVALENTS		1,431		1,349
	CASH AND CASH EQUIVALENTS COMPRISE :				
	Cash and Cash Equivalents as above	1,431		1,349	
	Unrealised (Loss) / Gain on Foreign Currency Cash and Cash Equivalents	33		9	
	Cash and Cash Equivalents (Note 7)		1,464		1,358

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

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

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

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

On behalf of the Board

Anand Subramanian
Partner
Membership Number : 110815

S. Rajagopalan
Managing Director

S. Sivakumar
Vice Chairman

Place : Kolkata
Date : 2nd May, 2018

R. Batra
Chief Financial Officer

S. V. Shah
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

NATURE OF OPERATIONS

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

Note No.

1. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Company adopted Ind AS from 1st April, 2016 and the date of transition to Ind AS is 1st April, 2015.

b) Basis of Preparation

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

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 – Share-based Payment, leasing transactions that are within the scope of Ind AS 17– Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36 – Impairment of Assets.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

Figures for the year ended March 31, 2017 were audited by the previous auditors M/s Lovelock & Lewes.

c) Operating Cycle

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

d) Property, Plant and Equipment – Tangible Assets

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. All upgradation / enhancements are charged off as revenue expenditure unless they bring similar significant additional benefits. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Depreciation of these assets commences when the assets are ready for their intended use which is generally on commissioning. Items of property, plant and equipment are depreciated in a manner that amortizes the cost (or other amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis.

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

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

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

e) Intangible Assets

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

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

f) Impairment of Assets

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

Recoverable amount is higher of an asset's fair value less costs to sell and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

g) Foreign Currency Transactions

The presentation currency of the Company is Indian Rupee. Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Gains / losses arising on settlement as also on translation of foreign currency denominated monetary items are recognised in the Statement of Profit and Loss.

h) Derivatives

The Company uses derivative financial instruments, such as forward exchange contracts to hedge its foreign currency risks. Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gains/losses are recognised in Statement of Profit and Loss immediately.

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

<u>Financial Instruments</u>

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial Assets

Recognition: Financial assets include investments, trade receivables, advances, security deposit loans and cash and cash equivalents. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

(a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and / or interest.

(b) fair value through other comprehensive income, where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

(c) fair value through profit or loss, where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Trade receivables, advances, security deposits, cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Reclassification : When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

De-recognition: Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

(a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

(b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

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

Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet. Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Investment in Subsidiaries

Investment in subsidiaries is carried at cost in the financial statements.

j) Revenue from Sale of Products and Services

Revenue is recognised at fair value of amounts received or receivable for goods supplied and services rendered and is net of returns and discounts, and excludes amounts collected on behalf of third parties, such as service tax, sales tax, value added tax and Goods and Services Tax. Revenue is recognised when the amount of revenue and the corresponding costs can be reliably measured, and it is probable that future economic benefits will flow.

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

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

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

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

k) Employee Benefits

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

The Company also makes contribution to defined benefit pension and gratuity plans. The cost of providing benefits under the defined benefit obligation is calculated by an independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of remeasurements are recognised immediately in Other Comprehensive Income in the period in which they occur.

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

l) Employee Share Based Compensation

Certain employees of the Company / the Holding Company on deputation are covered under the stock option plans of the Holding Company. These plans are assessed, managed and administered by the Holding Company. Fair value of such stock options is calculated using the Black Scholes pricing model at the grant date. Cost of stock options is recognised in the Statement of Profit and Loss on a straight line basis over vesting / service period with a corresponding increase in equity, net of reimbursements, if any.

m) Leases

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

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

n) Taxes on Income

Taxes on income comprises current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, is disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realise the asset and settle the liability simultaneously.

o) Dividend Distribution

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

p) Operating Segments

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

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

q) Borrowing Cost

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

r) Provisions

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

s) Claims

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

t) New Accounting Pronouncements

<u>Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:</u>

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Company is evaluating the impact of the same.

<u>Ind AS 115- Revenue from Contracts with Customers</u>:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115- Revenue from Contracts with Customers.

The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company is evaluating the impact of such standard.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Note No. 2 : PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS - 2017-18 (₹ in Lakhs)

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

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

Note No. 2 : PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS - 2016-17 (Contd.) (₹ in Lakhs)

	DESCRIPTION	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
		As at 1st April, 2016	Additions / Adjustments	Withdrawals	As at 31st March, 2017	As at 1st April, 2016	Charge for the Year	On With-drawals/ Adjustments	As at 31st March, 2017	As at 31st March, 2017	As at 31st March, 2016
(i)	TANGIBLE ASSETS										
	Leasehold Properties - Building Improvement	820	9	–	829	192	215	–	407	422	628
	Plant and Equipment	397	–	–	397	24	27	–	51	346	373
	Furniture and Fixtures	973	12	2	983	99	107	–	206	777	874
	Motor Vehicles	11	–	–	11	2	1	–	3	8	9
	Office Equipment	668	78	1	745	169	171	–	340	405	499
	Computers, Servers and Networks	2,762	568	148	3,182	844	787	89	1,542	1,640	1,918
	Electrical Installations and Equipment	1,298	28	–	1,326	124	149	–	273	1,053	1,174
	SUB TOTAL	6,929	695	151	7,473	1,454	1,457	89	2,822	4,651	5,475
(ii)	INTANGIBLE ASSETS										
	Capitalised Software	2,051	153	–	2,204	452	631	–	1,083	1,121	1,599
	SUB TOTAL	2,051	153	–	2,204	452	631	–	1,083	1,121	1,599
	GRAND TOTAL	8,980	848	151	9,677	1,906	2,088	89	3,905	5,772	7,074

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

(₹ in Lakhs)

	As at 31st March, 2018	As at 31st March, 2017
3. Investments		
3 (a) Non-Current		
In Subsidiaries		
Investments in Equity Instruments- (At Cost) Unquoted		
ITC Infotech Limited (UK) 6,85,815 (2017 - 6,85,815) Equity Shares of GBP 1 each, fully paid	687	687
ITC Infotech (USA), Inc. 1,82,000 (2017 - 1,82,000) Ordinary Shares without par value, fully paid	8,017	8,017
Total	8,704	8,704
3 (b) Current		
Investment in Mutual Funds - Unquoted		
SBI Premier Liquid Fund - Nil Units (2017 -1,53,484 Units) of ₹ 1,000 Each	–	3,907
UTI Money Market Fund - 1,85,840 Units (2017 -2,15,064 Units) of ₹ 1,000 Each	3,605	3,907
Tata Money Market Fund - Nil Units (2017 - 86,223 Units) of ₹ 1,000 Each	–	2,202
	3,605	10,016
Total	3,605	10,016

(₹ in Lakhs)

	As at 31st March, 2018	As at 31st March, 2017
4 LOANS		
4 (a) Non-Current		
Loans to Employees		
– Unsecured, Considered Good	14	26
Total	14	26
4 (b) Current		
Loans to Employees		
-Unsecured, Considered Good	5	6
-Unsecured, Considered Doubtful	22	22
	27	28
Less : Allowance for Doubtful Loans	(22)	(22)
Total	5	6
5 OTHER FINANCIAL ASSETS		
5 (a) Non-Current		
Security Deposits (includes deposits for Company accommodations, offices etc.)	–	1
Total	–	1

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in Lakhs)

		As at 31st March, 2018	As at 31st March, 2017
5 (b)	Current		
	Unbilled Revenue	8,142	3,922
	Security Deposits (includes deposits for Company accommodations, offices etc.)	193	189
	Foreign Currency Forward Contracts	14	165
	Others	–	63
	Advances (includes advance to employees)		
	– Considered Good	198	133
	– Considered Doubtful	28	15
		226	148
	Less : Allowance for Doubtful Advances	(28)	(15)
	Total	8,547	4,472
6	TRADE RECEIVABLES		
	Unsecured, Considered Good	19,841	16,165
	Unsecured, Considered Doubtful	248	533
		20,089	16,698
	Less: Allowance for Doubtful Receivables	(248)	(533)
	Total	19,841	16,165
7	CASH AND CASH EQUIVALENTS *		
	Balances with Banks :		
	Current Accounts	1,464	1,358
	Total	1,464	1,358

* Cash and cash equivalents include cheques and drafts on hand and cash at bank with original maturity of 3 months or less

		As at 31st March, 2018	As at 31st March, 2017
8	DEFERRED TAX ASSETS (NET)		
	Deferred Tax Assets	2,020	1,852
	Less: Deferred Tax Liabilities	–	4
	Deferred Tax Assets (Net)	2,020	1,848

Movement in Deferred Tax

	Opening Balance	Recognized in profit or loss	Recognized in OCI	Closing Balance
FY 2017-18				
Deferred Tax Assets :				
On provision for employees' separation and retirement etc.	848	237	(191)	894
On provision for doubtful receivables and advances	197	(93)	–	104
On fiscal allowances on property, plant and equipment	566	182	–	748
Other timing differences	241	33	–	274
Total Deferred Tax Assets	1,852	359	(191)	2,020
Deferred Tax Liabilities :				
Other timing differences	4	(4)	–	–
Total Deferred Tax Liabilities	4	(4)	–	–
Deferred Tax Assets (Net)	1,848	363	(191)	2,020

	Opening Balance	Recognized in profit or loss	Recognized in OCI	Closing Balance
FY 2016-17				
Deferred Tax Assets :				
On provision for employees' separation and retirement etc.	889	(5)	(36)	848
On provision for doubtful receivables and advances	235	(38)	–	197
On fiscal allowances on property, plant and equipment	566	–	–	566
Other timing differences	252	(11)	–	241
Total Deferred Tax Assets	1,942	(54)	(36)	1,852
Deferred Tax Liabilities :				
Other timing differences	–	4	–	4
Total Deferred Tax Liabilities	–	4	–	4
Deferred Tax Assets (Net)	1,942	(58)	(36)	1,848

(₹ in Lakhs)

		As at 31st March, 2018	As at 31st March, 2017
9	OTHERS ASSETS		
9 (a)	Non-Current		
	Advances other than Capital Advances		
	Advances with Statutory Authorities	65	41
	Other Advances (Unexpired Expenses)	82	113
	Advance Tax (Net of Provision for Income Tax)	3,265	2,847
	Total	3,412	3,001
9 (b)	Current		
	Advances other than Capital Advances		
	Advances with Statutory Authorities	12	297
	Other Advances (includes prepaid expenses)	571	475
	Total	583	772
10	EQUITY SHARE CAPITAL		
	Authorised:		
	8,60,00,000 (2017 - 8,60,00,000) Equity Shares of ₹10 each	8,600	8,600
	Issued and subscribed :		
	8,52,00,000 (2017 - 8,52,00,000) Equity Shares of ₹10 each, fully paid	8,520	8,520
	(All equity shares are held by ITC, the Holding Company. The Equity Shares of the Company, having par value of ₹ 10 per share, rank pari passu in all respects including entitlement to dividend)		
	Total	8,520	8,520
11	PROVISIONS		
11 (a)	Non- Current		
	Provision for Employee Benefits*		
	Retirement Benefits	349	237
	Compensated Absences	1,183	932
	Total	1,532	1,169
11 (b)	Current		
	Provision for Employee Benefits*		
	Retirement Benefits	310	463
	Compensated Absences	338	309
	Total	648	772

*Includes provision for pension, gratuity and compensated absences. For details refer note 24.

		As at 31st March, 2018	As at 31st March, 2017
12	OTHER FINANCIAL LIABILITIES		
	Current		
	Employee Payable	3,026	2,874
	Foreign Currency Forward Contracts	70	17
	Other Liabilities [includes payables for property, plant and equipment ₹ 60 Lakhs (2017 - ₹ 9 Lakhs)]	78	55
	Total	3,174	2,946
13	OTHER CURRENT LIABILITES		
	Statutory Dues	442	1,328
	Unearned Revenue	607	147
	Advances from Customers	60	52
	Total	1,109	1,527

(₹ in lakhs)

		For the year ended 31st March, 2018	For the year ended 31st March, 2017
14	**REVENUE FROM OPERATIONS**		
	Sale of Services		
	Exports	67,783	62,532
	Domestic	31,142	27,686
	Resale of Software and Hardware (including Support Charges)		
	Exports	504	–
	Domestic	864	962
	Other Operating Revenues	–	19
	Total	100,293	91,199

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

		For the year ended 31st March, 2018	For the year ended 31st March, 2017
15	**OTHER INCOME**		
	Dividend Income	939	1,426
	Other Gains	771	893
	Miscellaneous Income	25	98
	Total	1,735	2,417
	Dividend income comprises dividend from:		
	Investment in Subsidiary Company	939	1,426
		939	1,426
	Other Gains		
	Net Foreign Exchange Gains	356	514
	Net Gain on Investments (includes unrealised gain of ₹ 4 Lakhs (2017-₹ 15 Lakhs)	415	379
		771	893
16	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries and Bonus	64,019	59,051
	Contribution to Provident and Other Funds (Refer Note 24)	2,906	2,650
	Share based Payments to Employees (Refer Note 27)	2,499	2,629
	Staff Welfare Expenses	1,032	995
	Reimbursement of Contractual Remuneration	420	333
	Total	70,876	65,658
17	**FINANCE COSTS**		
	Interest expense for financial liabilities classified as Fair Value Through Profit or Loss	12	–
		12	–
18	**OTHER EXPENSES**		
	Rent (Refer Note 23)	1,693	1,697
	Rates and Taxes	55	13
	Insurance	500	611
	Travelling and Conveyance	7,061	7,050
	Recruitment Expenses	564	576
	Communication	587	628
	Power and Fuel	739	728
	Outsourcing Charges	6,016	5,154
	Software and Related Expenses	1,656	1,356
	Purchase of Hardware and Software for Resale (including Support Charges)	1,012	710
	Business Development Expenses	598	685
	Repairs and Maintenance		
	- Buildings	103	119
	- Machinery	188	220
	- Others	66	58
	Legal, Professional and Consultancy Expenses	1,269	811
	Doubtful and Bad Receivables	248	36
	Doubtful and Bad Loans and Advances	28	-
	Property, Plant and Equipment Discarded	57	62
	Auditors' Remuneration and Expenses (Refer Note 26)	32	27
	Expenditure on Corporate Social Responsibility (Refer Note 20)	207	320
	Training and Development	460	331
	Bank Charges	41	40
	Printing and Stationery	21	28
	Miscellaneous Expenses	523	560
	Total	23,724	21,820
19	**TAX EXPENSES**		
19 (a)	**Tax Expense Recognised in Statement of Profit and Loss**		
	Current Tax	3,110	2,206
	[including tax on foreign branches₹ 86 Lakhs (2017 - ₹79 Lakhs)] Credits related to previous years	(1)	(3)
		3,109	2,203
	Deferred Tax Charge / (Credit)	(363)	58
	Total	2,746	2,261
19 (b)	**Tax Expense Recognised in Other Comprehensive Income**		
	Deferred Tax Charge / (Credit)		
	Arising on Remeasurement of Net Defined Benefit Liability	191	36
	Total	191	36

19 (c) The reconciliation between the income tax expenses and amounts computed by applying the standard rate of income tax to profit before taxes is as follows:

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Profit before tax	5,514	4,050
Income tax expense calculated at 34.61% (2017- 34.61%)	1,908	1,402
Effects of:		
- Effect of tax relating to uncertain tax positions	865	910
- Effect of different tax rate on certain items	(162)	(247)
- Other differences	157	199
- Change in Tax Rates	(21)	-
- Adjustments recognised in the current year in relation to the current tax of prior years	(1)	(3)
Income Tax expenses recognised in Statement of Profit and Loss	2,746	2,261

20 Expenditure on Corporate Social Responsibility

a) Gross amount required to be spent by the Company during the year ₹ 207 Lakhs (2017 - ₹ 320 Lakhs).

b) Amount spent during the year in cash for purpose other than construction / acquisition of an asset ₹ 207 Lakhs (2017 - ₹ 320 Lakhs).

21 Commitments and Contingencies

a) There is a contract remaining to be executed on capital account and not provided ₹ 18 Lakhs (2017 - ₹ Nil).

b) Claims against the Company not acknowledged as debts ₹ 750 Lakhs (2017 - ₹ 3,593 Lakhs). These comprise:

i) Service tax claims disputed by the Company relating to issues of applicability aggregating ₹ 126 Lakhs (2017 - ₹ 111 Lakhs)

ii) Income tax claims disputed by the Company relating to issues of applicability and determination aggregating ₹ 624 Lakhs (2017 - ₹ 3,482 Lakhs)

It is not practicable for the Company to estimate the closure of these issues and the consequential timing of cash flow, if any, in respect of the above. An amount of ₹ 15 Lakhs (2017 - ₹ 15 Lakhs) has been deposited under protest and is included under Other Non-Current Assets. (Refer Note 9(a))

22 Micro and Small Enterprises

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

(₹ in Lakhs)

		31st March 2018	31st March 2017
(a)	The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year.		
	Principal amount due	87	110
	Interest amount due thereon	-	-
(b)	The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
(d)	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

23 The lease rental charged during the period is ₹ 1,693 Lakhs (2017 - ₹ 1,697 Lakhs) (Refer Note 18).

The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office, etc.). These leasing arrangements range between 11 months and 5 years generally, and are usually renewable by mutual consent on mutually agreeable terms.

The Company has no non-cancellable leasing arrangements. However, last year the Company had few non-cancellable leasing agreements, with lock-in period upto 1 year. The obligation on non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

(₹ in Lakhs)

	31st March 2018	31st March 2017
Not later than one year	–	8
Later than one year and not later than five years	–	–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

24 Employee Benefits

Description of Plans

(a) Defined Contribution Plan

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

Amounts towards Defined Contribution Plans have been recognised under "Contribution to Provident and Other Funds" in Note 16 ₹ 1,468 Lakhs (2017 - ₹ 1,397 Lakhs).

(b) Defined Benefit Plan

The Company also makes contribution to defined benefit pension and gratuity plans. The cost of providing benefits under the defined benefit obligation is calculated by an independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of remeasurements are recognised immediately through Other Comprehensive Income in the period in which they occur. The gratuity plan is funded and the pension plan is partly funded.

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

Risk Management

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

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

The following table sets out the Defined Benefit Plans / Long-Term Compensated Absences as per Actuarial Valuation as on 31st March, 2018 and recognised in the financial statements in respect of Employee Benefit Schemes:

(₹ in Lakhs)

			For the year ended 31st March, 2018			For the year ended 31st March, 2017		
			Pension	Gratuity	Compensated absences	Pension	Gratuity	Compensated absences
			Partly Funded	Funded	Unfunded	Partly Funded	Funded	Unfunded
I	**Components of Employer Expense**							
	-	**Recognised in Profit or Loss**						
	1	Current Service Cost	183	546	345	163	493	314
	2	Net Interest Cost	11	2	76	4	(8)	77
	3	**Total expense recognised in the Statement of Profit and Loss**	194	548	421	167	485	391
	-	**Re-measurements recognised in Other Comprehensive Income**						
	4	(Return) on plan assets (excluding amounts included in Net interest cost)	(125)	(69)	-	13	5	-
	5	Effect of changes in demographic assumptions	-	12	(2)	-	(23)	(1)
	6	Effect of changes in financial assumptions	(227)	(59)	(24)	(62)	(9)	(4)
	7	Effect of experience adjustments	285	(226)	(111)	160	(125)	(59)
	8	Total re-measurements included in OCI	(67)	(342)	(137)	111	(152)	(64)
	9	**Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (3+8)**	127	206	284	278	333	327
The current service cost and net interest expense for the year pertaining to Pension and Gratuity expenses have been recognised in "Contribution to Provident and other funds" and Compensated absences in "Salaries and Bonus". The remeasurements of the net defined benefit liability are included in Other Comprehensive Income.								
II	**Actual Returns**		337	233	-	199	166	-
III	**Net (Asset)/Liability recognised in Balance Sheet**							
	1	Present Value of Defined Benefit Obligation	3,741	2,823	1,304	3,326	2,560	1,242
	2	Fair Value of Plan Assets	(3,360)	(2,617)	-	(2,929)	(2,256)	-
	3	Status [(Surplus)/Deficit]	381	206	1,304	397	304	1,242
	4	Restrictions on Asset Recognised	-	-	-	-	-	-

			As at 31st March, 2018		As at 31st March , 2017	
	5	**Net (Asset)/Liability recognised in Balance Sheet**	Current	Non-Current	Current	Non-Current
		- Pension	90	291	159	238
		- Gratuity	206	-	304	-
		- Compensated Absences	296	1,008	309	933

			For the year ended 31st March, 2018			For the year ended 31st March, 2017		
			Pension	Gratuity	Compensated absences	Pension	Gratuity	Compensated absences
			Partly Funded	Funded	Unfunded	Partly Funded	Funded	Unfunded
IV	**Change in Defined Benefit Obligation (DBO)**							
	1	Present Value of DBO at the beginning of the year	3,326	2,560	1,242	2,917	2,270	1,138
	2	Current Service Cost	183	546	345	163	493	314
	3	Interest Cost	223	166	76	216	162	77
	4	Remeasurement gains / (losses):						
		Effect of changes in demographic assumptions	-	12	(2)	-	(23)	(1)
		Effect of changes in financial assumptions	(227)	(59)	(24)	(62)	(9)	(4)
		Changes in asset ceiling (excluding interest income)	-	-	-	-	-	-
		Effect of experience adjustments	284	(226)	(111)	160	(125)	(59)
	5	Benefits Paid	(48)	(176)	(222)	(68)	(208)	(223)
	6	**Present Value of DBO at the end of the year**	3,741	2,823	1,304	3,326	2,560	1,242

		Best Estimate of Employers' Expected Contribution for the next year	As at 31st March, 2018	As at 31st March, 2017
		- Pension	303	283
		- Gratuity	922	904
		- Compensated Absences	345	623

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in Lakhs)

			For the year ended 31st March, 2018			For the year ended 31st March, 2017		
			Pension	Gratuity	Compensated absences	Pension	Gratuity	Compensated absences
			Partly Funded	Funded	Unfunded	Partly Funded	Funded	Unfunded
V	**Change in Fair Value of Assets**							
	1	Plan Assets at the beginning of the year	2,929	2,256	-	2,726	2,298	-
	2	Expected Return on Plan Assets	212	164	-	212	171	-
	3	Remeasurement Gains/(Losses) on plan assets	125	69	-	(13)	(5)	-
	4	Actual Company Contributions	142	304	-	73	-	-
	5	Benefits Paid	(48)	(176)	-	(69)	(208)	-
	6	**Plan Assets at the end of the year**	3,360	2,617	-	2,929	2,256	-

VI	Actuarial Assumptions		As at 31st March, 2018	As at 31st March, 2017
	1	Discount Rate (%)	7.50%	6.75%
	2	Expected Return on Plan Assets (%)	7.50%	6.75%
	3	Long term rate of compensation increase	7%	7%

VII	The net liability disclosed in Pension relates to funded and unfunded plans as follows:		As at 31st March, 2018	As at 31st March, 2017
	1	Present Value of Funded Obligation	3,406	3,005
	2	Fair Value of Plan Assets	3,360	2,929
	3	Deficit / (Surplus) of Funded Plan	46	76
	4	Unfunded Plan	335	321
	5	Net Deficit	381	397

VIII	Major Category of Plan Assets as a % of the Total Plan Assets		As at 31st March, 2018	As at 31st March, 2017
	1	Government Securities/Special Deposit with RBI	27%	31%
	2	High Quality Corporate Bonds	18%	23%
	3	Insurer Managed Funds*	44%	35%
	4	Mutual Funds	3%	3%
	5	Cash and Cash Equivalents	6%	5%
	6	Term Deposits	2%	3%

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

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

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

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

(₹ in Lakhs)

			For the year ended 31st March, 2018			For the year ended 31st March, 2017		
			Pension	Gratuity	Compensated absences	Pension	Gratuity	Compensated absences
			Partly Funded	Funded	Unfunded	Partly Funded	Funded	Unfunded
X	**Net Asset / (Liability) recognised in Balance Sheet (including experience adjustment impact)**							
	1	Present Value of Defined Benefit Obligation	3,741	2,823	1,304	3,326	2,560	1,242
	2	Fair Value of Plan Assets	3,360	2,617	-	2,929	2,256	-
	3	Status [(Surplus)/Deficit]	381	206	1,304	397	304	1,242
	4	Experience Adjustment of Plan Assets [Gain/ (Loss)]	125	69	-	(13)	(5)	-
	5	Experience Adjustment of obligation [(Gain)/ Loss]	285	(226)	(111)	160	(125)	(59)

XI Sensitivity Analysis

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in Lakhs)

XII	Sl. No.	Particulars	DBO as at 31st March, 2018	DBO as at 31st March, 2017
	1	Discount Rate + 100 basis points	7,501	6,779
	2	Discount Rate - 100 basis points	8,270	7,507
	3	Long term Compensation Increase Rate + 1%	8,230	7,467
	4	Long term Compensation Increase Rate – 1%	7,531	6,808

25 Earnings per share

(a)	Profit after Tax	₹ in Lakhs	2,768	1,789
(b)	Weighted average number of Equity Shares	No.	85,200,000	85,200,000
(c)	Earnings Per Share (Face value of ₹ 10 per share) (Basic and Diluted)	₹	3.25	2.10

	For the year ended 31st March, 2018 (₹ in Lakhs)	For the year ended 31st March, 2017 (₹ in Lakhs)
26 Auditors' Remuneration and Expenses		
(Net of input tax / service tax credit)		
Audit Fees	18	18
Tax Audit Fees	2	3
Fees for Auditors' Certifications and Reports	10	4
Reimbursement of Expenses	2	2
Total	32	27

27 The eligible employees of the Company, including employees deputed from ITC Limited (ITC), have been granted stock options by ITC under the ITC Employee Stock Option Schemes (ITC ESOS). These options vest over a period of three years from the date of grant and are exercisable within a period of five years from the date of vesting. Each option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of ITC of ₹1.00 each upon payment of exercise price.

These options have been granted at 'market price' within the meaning of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The fair value of the options granted is determined by ITC, using the Black Scholes Option Pricing Model, for all the Optionees covered under the ITC ESOS as a whole.

The Company has recognized the cost of options granted, as stated above, as equity settled share based payment scheme in accordance with Ind AS 102 – Share Based Payment, and the Company's share of the cost of fair value of such options has been accounted for based on the advice / on-charge by ITC. Accordingly, an amount of ₹ 2,499 Lakhs (2017 – ₹ 2,629 Lakhs) (Refer Note 16) which represents the on-charge from ITC has been recognized as employee benefits expense and has been considered as capital contribution, net of reimbursements, if any.

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

Particulars	As at 31st March, 2018 No. of Options	As at 31st March, 2017 No. of Options
Outstanding at the beginning of the year	2,482,561	1,735,153
Add: Corporate Action - Bonus Issue by ITC	–	902,812
Add: Granted during the year @	396,530	398,930
Less: Lapsed during the year	(69,372)	(70,667)
Add / (Less): Movement due to transfer of employees within the group	69,390	75,147
Less: Exercised during the year	(434,548)	(558,814)
Outstanding at the end of the year	2,444,561	2,482,561
Options exercisable at the end of the year	1,578,757	1,498,544

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

@ Includes 81,090 (2017- 94,230) options granted to the Key Management Personnel (KMP) of the Company.

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

In accordance with Ind AS 102, the Company has recognised an amount of ₹ 2,499 Lakhs (2017 – ₹ 2,629 Lakhs) (Refer Note 16) by way of share based payments. Such charge has been recognised as employee benefits expense and has been considered as capital contribution by ITC Limited, net of reimbursements, if any. Out of the above,₹ 623 Lakhs (2017- ₹ 576 Lakhs) is attributable to key management personnel [Ms. S. Rajagopalan ₹ 173 Lakhs (2017 - ₹ 153 Lakhs); Mr. R. Batra ₹ 168 Lakhs (2017 - ₹ 166 Lakhs); Mr. A. Talwar ₹ 131 Lakhs (2017 - ₹ 77 Lakhs); Mr. V. Sreenivasan ₹ 100 Lakhs (2017 - ₹ 123 Lakhs); Mr. S.V. Shah ₹ 51 Lakhs (2017 - ₹ 57 Lakhs)].

The cost of options granted under the ITC Employee Stock Option Scheme applicable to employees of subsidiaries is considered as an investment in the subsidiaries, net of reimbursements, if any.

28 Capital Management

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

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

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

29 Categories of Financial Instruments

(₹ in Lakhs)

	As at 31st March, 2018		As at 31st March, 2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Measured at amortised cost				
Cash and Cash Equivalents	1,464	1,464	1,358	1,358
Trade Receivables	19,841	19,841	16,165	16,165
Loans	19	15	32	21
Other Financial Assets	8,533	8,533	4,308	4,308
	29,857	29,853	21,863	21,852
Mandatorily measured at fair value through profit and loss (FVTPL)				
Investments in Mutual Funds	3,605	3,605	10,016	10,016
Foreign Currency Forward Contracts	14	14	165	165
	3,619	3,619	10,181	10,181
Total	33,476	33,472	32,044	32,033

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in Lakhs)

	As at 31st March, 2018		As at 31st March, 2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Liabilities				
Measured at amortized cost				
Trade Payables	2,533	2,533	2,208	2,208
Other Financial Liabilities	3,104	3,104	2,929	2,929
	5,637	5,637	5,137	5,137
Measured at fair value through profit and loss (FVTPL)				
Foreign Currency Forward Contracts	70	70	17	17
	70	70	17	17
Total	5,707	5,707	5,154	5,154

30 Financial Risk Management Objectives

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

a) **Market Risk**

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

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

i) **Foreign Currency Risk**

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

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

(₹ in Lakhs)

As at 31st March, 2018	USD	GBP	EURO	Others	Total
Financial Assets	11,020	5,786	2,384	2,158	21,348
Financial Liabilities	397	26	130	298	851
As at 31st March, 2017	USD	GBP	EURO	Others	Total
Financial Assets	8,276	3,194	1,794	1,700	14,964
Financial Liabilities	126	4	56	68	254

The Company uses Forward Exchange Contracts to hedge its exposures in foreign currency related to underlying transactions and firm commitments. The information on Derivative Instruments is as follows:
Forward exchange Contracts outstanding as at year end which are not designated under hedge accounting:

(₹ in Lakhs)

Currency	Cross Currency	31st March, 2018		31st March, 2017	
		Buy	Sell	Buy	Sell
GBP	USD	-	35	-	26
EUR	USD	-	23	-	24
USD	INR	-	199	-	172
AUD	USD	-	-	-	3
DKK	USD	-	-	4	-
ZAR	USD	-	155	-	68
SEK	USD	-	-	-	9
NOK	USD	-	-	6	-

Hedges of Foreign Currency Risk and Derivative Financial Instruments

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

Foreign Currency Sensitivity

The sensitivity analysis arises on account of outstanding foreign currency denominated assets and liabilities, including derivative contracts. The Company considers a sensitivity of 10% (2017 - 10%) in applicable foreign currency rates, holding all other variables constant. In the event the exchange rate fluctuates by +10%, the profit before tax for the year ended 31st March, 2018 and pre-tax total equity as at 31st March, 2018 will be higher by ₹ 2,050 Lakhs (2017 - ₹ 1,471 Lakhs). If the change in rates decline by a similar percentage, there will be opposite impact of similar amount on profit before tax and pre-tax total equity.

ii) **Interest Rate Risk**

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As majority of the financial assets and liabilities of the Company are non-interest bearing, the Company's net exposure to interest risk is negligible.

iii) **Price Risk**

The Company invests its surplus funds primarily for short tenor in debt mutual funds measured at fair value through profit or loss. Aggregate value of such investments as at 31st March, 2018 is ₹3,605 Lakhs (2017 - ₹ 10,016 Lakhs). Accordingly, these do not pose any significant price risk.

b) **Liquidity Risk**

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

(₹ in Lakhs)

As at 31st March, 2018 Contractual Cash flows*							
	Carrying value	**Less than 3 months**	**More than 3 months upto 6 months**	**More than 6 months upto 1 year**	**More than 1 year upto 3 years**	**Beyond 3 year**	**Total**
Trade Payables	**2,533**	**2,533**	**-**	**-**	**-**	**-**	**2,533**
Other Financial Liabilities	**3,174**	**3,174**	**-**	**-**	**-**	**-**	**3,174**
Total	**5,707**	**5,707**	**-**	**-**	**-**	**-**	**5,707**
As at 31st March, 2017 Contractual Cash flows*							
	Carrying value	Less than 3 months	More than 3 months upto 6 months	More than 6 months upto 1 year	More than 1 year upto 3 years	Beyond 3 years	Total
Trade Payables	2,208	2,150	58	-	-	-	2,208
Other Financial Liabilities	2,946	2,946	-	-	-	-	2,946
Total	5,154	5,096	58	-	-	-	5,154

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

c) **Credit Risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument which may lead to a financial loss to the Company. Apart from its operating activities, wherein the Company deals with a large number of customers, the Company is also exposed to credit risk from its investing activities.

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

Credit is extended to Customers after evaluating them against key parameters such as financial position, credit ratings, market intelligence, past experience etc., as may be appropriate. Trade receivables are monitored regularly. Concentration of credit risk, with respect to trade receivables, is limited, due to the Company's customer base being large and internationally dispersed. Some of the Company's key Customers have been transacting for many years and the incidence of bad debts is negligible. The Company recognise provision for expected credit loss on an individual customer basis, based on internal reviews, which are conducted regularly and considers all aspects with respect to debts.

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

(₹ in Lakhs)

	As at 31st March, 2018	As at 31st March, 2017
Opening Balance	**533**	641
Add: Provisions Made	**248**	36
Less: Utilisation for Impairment / De-recognition	**(533)**	(144)
Closing Balance	**248**	533

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

(₹ in Lakhs)

	As at 31st March, 2018	As at 31st March, 2017
Overdue Period		
Less than 1 month	**5,186**	2,122
1 to 3 months	**1,391**	894
3 to 6 months	**576**	474
6 to 12 months	**786**	651
1 year to 2 years	**395**	538
2 years to 3 years	**206**	26
More than 3 years	**14**	27
Balances not yet due	**11,287**	11,433
Total	**19,841**	16,165

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

The carrying amount of financial assets, net of loss allowance recognized in accordance with Ind AS 109 and any amounts offset in accordance with Ind AS 32, that represents the Company's maximum exposure to credit risk as at 31st March, 2018 is ₹ 32,012 Lakhs (2017 - ₹ 30,686 Lakhs) represented by carrying amounts of Investments (except investments in subsidiaries), Trade Receivables, Unbilled Revenue, Loans, Other financial assets measured at amortised cost and Other financial assets measured at Fair Value.

31 Fair Value Measurement

Fair value hierarchy

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

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

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

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

(₹ in Lakhs)

	Fair Value Hierarchy	Fair Value as at	
		31st March 2018	31st March 2017
Financial Assets			
Mandatorily Measured at fair value through profit and loss (FVTPL)			
Investments in Mutual Funds	1	3,605	10,016
		3,605	10,016
Derivatives measured at fair value			
Foreign Currency Forward Contracts	2	14	165
		14	165
Total		3,619	**10,181**
Financial Liabilities			
Derivatives measured at fair value	2	70	17
Foreign Currency Forward Contracts		70	17
Total		70	**17**

32 Approval of Financial Statements

The financial statements were approved for issue by the Board of Directors on 2nd May, 2018.

33 Comparatives

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

34 SEGMENT REPORTING

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

(₹ in Lakhs)

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Segment Revenue		
India	32,006	28,667
North America	17,136	19,099
Europe	26,941	26,821
Middle East and Africa	16,737	13,965
Rest of the World	7,473	2,647
Total	100,293	**91,199**

(₹ in Lakhs)

	As at 31st March, 2018	As at 31st March, 2017
Non-Current Assets*		
India	8,218	8,718
Middle East and Africa	24	55
Total	8,242	8,773

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

35 RELATED PARTY DISCLOSURES

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

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

Wholly Owned Subsidiaries:

ITC Infotech Limited (UK)

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

(iii) **OTHER RELATED PARTIES WITH WHOM THE COMPANY HAD TRANSACTIONS, etc.**

Fellow Subsidiary Companies
Surya Nepal Private Limited
Technico Agri Sciences Limited
North East Nutrients Private Limited
Fortune Park Hotels Limited
Srinivasa Resorts Limited
Russell Credit Limited

Associates of the Holding Company
International Travel House Limited
ATC Limited

Employee Trusts
ITC Management Staff Gratuity Fund
ITC Pension Fund

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(iv) **KEY MANAGEMENT PERSONNEL**

Non-Executive Directors
Mr. Y.C. Deveshwar - Chairman
Mr. S. Puri - Sr. Vice Chairman (from 17th August, 2017)
Mr. S. Sivakumar - Vice Chairman
Mr. B. B. Chatterjee
Mr. R. Tandon
Mr. P. Chatterjee
Mr. R.G. Jacob (till 28th July, 2017)

Others
Ms. S. Rajagopalan , Managing Director
Mr. R. Batra, Chief Financial Officer
Mr. S. V. Shah, Company Secretary
Mr. A. Talwar
Mr. V. Sreenivasan

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

Sl. No.	Description	Holding Company		Wholly Owned Subsidiaries						Fellow Subsidiaries	
		2018	2017	**2018**			2017			**2018**	2017
				ITC Infotech Limited (UK)	**ITC Infotech (USA), Inc.**	**Indivate Inc.**	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	Indivate Inc.		
1	Sale of Goods / Services	**16,098**	13,002	**12,385**	**16,797**	**-**	11,545	18,777	-	**434**	472
2	Purchase of Goods / Services	**96**	111	**-**	**-**	**-**	-	-	-	**- ***	-
3	Rent Paid	**1,315**	1,143	**-**	**-**	**-**	-	-	-	**-**	-
4	Reimbursement of Contractual Remuneration [includes remuneration to KMP ₹ 197 Lakhs (2017 ₹ 158 Lakhs)]	**420**	333	**-**	**-**	**-**	-	-	-	**-**	-
5	Expenses Recovered	**21**	19	**265**	**162**	**-**	293	219	-	**-**	-
6	Expenses Reimbursed	**778****	742**	**64**	**-**	**-**	75	-	-	**-**	-
7	Capital Contribution for Share Based Payments	**3,347**	6,920	**-**	**-**	**-**	-	-	-	**-**	-
8	Reimbursement of Capital Contribution for Share Based Payments	**-**	-	**367**	**475**	**-**	317	529	-	**-**	-
9	Loans Received (from Russell Credit Limited)	**-**	-	**-**	**-**	**-**	-	-	-	**6,000**	-
10	Loan Repaid (to Russell Credit Limited)	**-**	-	**-**	**-**	**-**	-	-	-	**6,000**	-
11	Interest paid on Loans (to Russell Credit Limited)	**-**	-	**-**	**-**	**-**	-	-	-	**12**	-
12	Interim Dividend	**5,112**	-	**-**	**-**	**-**	-	-	-	**-**	-
13	Dividend Income	**-**	-	**-**	**939**	**-**	1,426	-	-	**-**	-

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

*** Includes expenses reimbursed for KMP ₹ 20 Lakhs (2017- ₹12 Lakhs)*

(₹ in Lakhs)

Sl. No.	Description	Associates of the Holding Company		Employee Trusts		Key Management Personnel	
		2018	2017	**2018**	2017	**2018**	2017
1	Sale of Goods / Services	**275**	233	**-**	-	**-**	-
2	Purchase of Goods / Services	**2,748**	2,892	**-**	-	**-**	-
3	Remuneration to Key Management Personnel (KMP)						
	(i) Directors	**-**	-	**-**	-	**141**	134
	(ii) Others	**-**	-	**-**	-	**135**	121
4	Contribution to Employees' Benefit Plans	**-**	-	**446**	73	**-**	-

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

Description	Holding Company		Wholly Owned Subsidiaries					
	2018	**2017**	**2018**			**2017**		
			ITC Infotech Limited (UK)	**ITC Infotech (USA), Inc.**	**Indivate Inc.**	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	Indivate Inc.
Balances as at 31st March,								
i) Trade Receivables	**95**	8	**2,715**	**4,381**	**-**	2,238	2,902	-
ii) Trade Payables	**17**	–	**116**	**-**	**-**	39	-	-

Description	**Fellow Subsidiaries**		**Associates of the Holding Company**	
Balances as at 31st March,	**2018**	**2017**	**2018**	**2017**
i) Trade Receivables	**101**	218	**-**	-
ii) Trade Payables	**-**	-	**62**	345

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(vii) INFORMATION REGARDING SIGNIFICANT TRANSACTIONS

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

Related Party Transactions	2018	2017	Related Party Transactions	2018	2017
Purchase of Goods / Services			**Remuneration to Key Management Personnel (KMP)**		
International Travel House Limited	2,748	2,892	Ms. S. Rajagopalan	139	130
			Mr. R. Batra	112	92
Contribution to Employees' Benefit Plans			Mr. A. Talwar	64	59
ITC Management Staff Gratuity Fund	304	-	Mr. V.Sreenivasan	71	62
ITC Pension Fund	142	73	Mr. S. Shah	85	78

(viii) INFORMATION REGARDING SIGNIFICANT BALANCES

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

Related Party Balances	2018	2017
Trade Payables		
International Travel House Limited	62	345

(ix) COMPENSATION OF KEY MANAGEMENT PERSONNEL*

The remuneration of directors and other members of key management personnel during the year is as follows: (₹ in Lakhs)

	2018	2017
Short-Term Employee Benefits	471	421
Others	3	4

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

(x) SIGNIFICANT TERMS AND CONDITIONS OF OUTSTANDING BALANCES

All outstanding balance are unsecured and are repayable in cash.

FORM AOC–1
(PURSUANT TO FIRST PROVISO TO SUB–SECTION (3) OF SECTION 129 READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014)
STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / ASSOCIATE COMPANIES / JOINT VENTURES
PART A: SUBSIDIARIES

(₹ in Lakhs)

1	Sl. No.	1	2	3
2	Name of the Subsidiary	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	Indivate Inc. (Note 2)
3	The date since when subsidiary was acquired	19th June, 2001	24th May, 2001	18th November, 2016
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	Not Applicable	Not Applicable
5	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Reporting currency - GBP Exchange rate GBP 1 = ₹ 92.28	Reporting currency - USD Exchange rate USD 1 = ₹ 65.18	Reporting currency - USD Exchange rate USD 1 = ₹ 65.18
6	Share Capital	633	11,863	65
7	Reserves and Surplus	2,749	1,372	(43)
8	Total Assets	10,863	23,338	154
9	Total Liabilities	10,863	23,338	154
10	Investments (excluding Investments in subsidiaries)	-	-	-
11	Turnover (Note 1)	39,165	57,129	310
12	Profit before Taxation	1,242	2,597	18
13	Provision for Taxation	68	1,333	-
14	Profit after Taxation	1,174	1,264	18
15	Proposed Dividend	-	949	-
16	Extent of Shareholding (%)	100%	100%	100%

Note 1: Turnover includes other income and other operating revenue.
Note 2: ITC Infotech (USA), Inc. holds 100% shareholding of Indivate Inc.

PART B: ASSOCIATES AND JOINT VENTURES – NOT APPLICABLE

On behalf of the Board

S. Rajagopalan
Managing Director

S. Sivakumar
Vice Chairman

R. Batra
Chief Financial Officer

S. V. Shah
Company Secretary

Place : Kolkata
Date : 2nd May, 2018