

REPORT OF THE DIRECTORS

Your Directors present their Report together with the Audited Financial Statements for the year ended March 31, 2020.

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

Principal Activities

The Corporation provides market research, business development, consulting and other advisory services. The Corporation has also identified opportunity in trading activities wherein the Corporation shall import goods into the USA and distribute/ market the same.

Financial Results

Year Ended March 31,	2020	2019
Total Revenue	502,082	524,152
Operating Income / (loss)	28,420	29,669
Profit/(Loss) After Tax	28,420	29,669

Business Review

The Corporation continues to provide business consulting and other advisory services to ITC Limited (ITC) pursuant to the Business Services Agreement with ITC. These services primarily include trendspotting, market evaluation

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Indivate Inc.

We have audited the accompanying financial statements of Indivate Inc., (a wholly owned subsidiary of ITC Infotech (USA), Inc.) which comprise the balance sheet as of March 31, 2020 and 2019, and the related statement of operations and retained earnings and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

BALANCE SHEET AS OF MARCH 31,

	2020 \$	2020 ₹	2019 \$	2019 ₹
Assets				
Current assets				
Cash and cash equivalents	186,845	14,138,561	199,587	13,803,437
Inventory	19,808	1,498,871	-	-
Due from ITC Limited (net)	94,650	7,162,166	-	-
Total current assets	301,303	22,799,598	199,587	13,803,437
Equipment, software, furniture and fixtures and leasehold improvements	3,859	292,011	3,859	266,888
Less: Accumulated depreciation and amortization	3,121	236,166	2,156	149,109
	738	55,845	1,703	117,779
Other assets, principally unsecured advances	1,507	114,035	3,143	217,370
	303,548	22,969,478	204,433	14,138,586
Liabilities and Stockholder's Equity				
Current liabilities				
Accounts payable	7,703	582,886	1,721	119,024
Accrued expenses and other current liabilities	15,440	1,168,345	9,535	659,440
Accrued payroll and payroll taxes	185,463	14,033,985	120,948	8,364,764
Due to ITC Infotech (USA), Inc., net	2,642	199,920	8,349	577,417
Total current liabilities	211,248	15,985,136	140,553	9,720,645
Stockholder's equity				
Paid up Capital	100,000	7,567,000	100,000	6,916,000
Retained earnings	(7,700)	(582,658)	(36,120)	(2,498,059)
Total Stockholder's equity	92,300	6,984,342	63,880	4,417,941
	303,548	22,969,478	204,433	14,138,586

Date: June 10, 2020

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

and research and analysis of emerging regulatory frameworks and consumer preferences in identified business segments. The Corporation also undertakes business development activities towards enhancing the sales for the goods and services of ITC in the USA market. Towards the end of the Fiscal Year, the Corporation began to engage in trading activities with the import of the first consignment of products sourced from ITC for marketing and distribution in the USA.

Directors

In terms of Article III clause 4(a) of the By-Laws of the Corporation and as nominated by ITC Infotech (USA), Inc., Mr. S. Roy was appointed as Director of the Corporation with effect from December 17, 2019, to hold office until the next succeeding Annual Meeting of Shareholders of the Corporation. Your approval for appointment of Mr. Roy as Director of the Corporation will be sought at the next Annual Meeting of the Corporation for the financial year ended March 31, 2020.

Consequent to his resignation, Mr. L. N. Balaji ceased to be a Director of the Corporation with effect from December 17, 2019.

Mr. S. Dutta and Ms. B. Parameswar, Directors of the Corporation, will retire at the next Annual Meeting, and, being eligible, offer themselves for re-appointment.

On behalf of the Board
Bhavani Parameswar
Director & President

June 10, 2020

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion on Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indivate Inc. as of March 31, 2020 and 2019 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Deloitte Haskins & Sells LLP
Bangalore, India

On behalf of the Board
Bhavani Parameswar Soumyarup Roy
Director and President Director

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

	2020 \$	2020 ₹	2019 \$	2019 ₹
Revenue				
Service income- Related party	502,082	37,992,545	524,152	36,250,352
Total Service income	502,082	37,992,545	524,152	36,250,352
Cost of revenues, principally employment costs	473,662	35,842,004	494,483	34,198,444
Purchase of Stock-in-trade	19,808	1,498,871	-	-
Change in Inventories of Stock-in-trade	(19,808)	(1,498,871)	-	-
Cost of Sales	-	-	-	-
Gross profit	28,420	2,150,541	29,669	2,051,908
General and administrative expenses	-	-	-	-
Operating Income	28,420	2,150,541	29,669	2,051,908
Less: Income tax	-	-	-	-
Net Income	28,420	2,150,541	29,669	2,051,908
Retained earnings at beginning of year	(36,120)	(2,733,199)	(65,789)	(4,549,967)
Retained earnings at end of year	(7,700)	(582,658)	(36,120)	(2,498,059)

Date: June 10, 2020

On behalf of the Board
Bhavani Parameswar Soumyarup Roy
Director and President Director

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

**STATEMENT OF CASH FLOWS
YEARS ENDED MARCH 31,**

	2020 \$	2020 ₹	2019 \$	2019 ₹
Cash flows from operating activities				
Net income	28,420	2,150,541	29,669	2,051,908
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	965	73,022	965	66,739
(Increase) decrease in assets				
Inventory	(19,808)	(1,498,871)	-	-
Due from ITC Limited	(94,650)	(7,162,166)	142,545	9,858,412
Other assets, principally unsecured advances	1,636	123,796	2,537	175,459
Increase (decrease) in liabilities				
Accounts payable	5,982	452,658	(3,984)	(275,533)
Accrued expenses and other liabilities	5,905	446,832	3	207
Accrued payroll and payroll taxes	64,515	4,881,850	68,366	4,728,193
Due to ITC Infotech (USA), Inc., net	(5,707)	(431,849)	(126,239)	(8,730,689)
Net cash provided by / (used in) operating activities	(12,742)	(964,187)	113,862	7,874,696
Cash flows from investing activities	-	-	-	-
Net cash used in investing activities	-	-	-	-
Cash flows from financing activities	-	-	-	-
Net cash used in financing activities	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(12,742)	(964,187)	113,862	7,874,696
Cash and cash equivalents at beginning of year	199,587	15,102,748	85,725	5,928,741
Cash and cash equivalents at end of year	186,845	14,138,561	199,587	13,803,437

Date: June 10, 2020

On behalf of the Board
Bhavani Parameswar Soumyarup Roy
Director and President Director

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

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2020 AND 2019
NOTE A - BUSINESS BACKGROUND AND PRINCIPAL TRANSACTIONS WITH AFFILIATES

Indivate Inc. (the "Company") was formed as a New Jersey State incorporated company and 100% of the shareholder interest is owned by ITC Infotech (USA), Inc.

It is principally engaged in providing business consulting services to related party entities that operate in India. The Company has also identified opportunity in trading activities wherein the Company shall import goods into US and distribute/ market the same.

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

The financial statements of the Company are prepared in accordance with accounting principles generally accepted in the United States of America, the country of formation. The amounts are represented in U.S. dollars. As required by ITC Infotech India Limited, the sole shareholder of the Parent Company, the Indian Rupee equivalent figures, arrived at by applying the year end interbank exchange rate of \$1 = ₹ 75.67 for the fiscal year ended

March 31, 2020 (2019: \$1 = ₹ 69.16) as provided by the Sole shareholder of the Parent Company, have been included solely for informational purposes and is not in conformance with the provisions of FASB ASC 830-30 – Foreign Currency Matters – Translation of Financial Statements and U.S. GAAP.

[2] Use of estimates:

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

[3] Inventory:

Inventories are stated at lower of cost and net realisable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Inventory (Contd.)

to its present location and condition and includes product cost from the Company's suppliers, as well as inbound freight, import duties, taxes, insurance and logistics and other handling fees. Net realisable value is the estimated selling price less estimated costs for completion and sale. Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

[4] Recognition of revenue:

Effective April 1, 2018, the Company adopted ASC 606 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, as prescribed in the Standard.

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

Revenue from sales of goods is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of returns and discounts to customers. Revenue from the sale of goods is shown excluding taxes such as State Sales tax which are payable in respect of sale of goods. Revenue from the sale of goods and services is recognized when the Company performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery.

[5] Cash and cash equivalents:

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

[6] Accounts receivable and allowance for doubtful accounts:

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

NOTE C – RELATED PARTY TRANSACTIONS

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

	2020 \$	2020 ₹	2019 \$	2019 ₹
Transactions with ITC Limited				
Service / Account Management fees / others recognized as revenue by Indivate	502,082	37,992,545	524,152	36,250,352
Purchase of Traded Goods	17,461	1,321,299	-	-
Accounts receivable consist of trade accounts receivable and unbilled accounts receivable (representing services performed prior to the balance sheet date, but not invoiced to the customer until thereafter). Related parties receivable total \$ 94,650 (₹ 7,162,166) and \$ 0 (₹ 0) as of March 31, 2020 and 2019, respectively.				
Transactions with Parent Company				
Payroll related expenditure	20,949	1,585,211	51,642	3,571,561
Reimbursement of audit fees paid on behalf	-	-	3,100	214,396

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Estimated useful lives (Years)	As of			
		31-Mar-20		31-Mar-19	
		\$	₹	\$	₹
Computers etc.	4	1,138	86,113	1,138	78,704
Furniture and Fixtures	4	2,721	205,898	2,721	188,184
		3,859	292,011	3,859	266,888
Less: Accumulated depreciation		(3,121)	(236,166)	(2,156)	(149,109)
Property and Equipment, net		738	55,845	1,703	117,779

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

	FY 2019-20		FY 2018-19	
	\$	₹	\$	₹
Depreciation expense	965	73,022	965	66,739

NOTE E – SUBSEQUENT EVENTS

The Company evaluated subsequent events through June 10, 2020 which is the date on which the Financial Statements are issued. Based on this evaluation, the Company is not aware of any other events or transactions that would require recognition or disclosure in the financial statements.