



Business-friendly Solutions



ITC Infotech India Limited
REPORT AND ACCOUNTS 2021

ITC Infotech India Limited

Board of Directors	
Chairman & Non-Executive Director	Non-Executive Directors
Mr. S Puri (DIN: 00280529)	Mr. R Tandon (DIN: 00042227)
Vice Chairman & Non-Executive Director	Mr. B B Chatterjee (DIN: 00045140)
Mr. S Sivakumar (DIN: 00341392)	Mr. P Chatterjee (DIN: 00042208)
Managing Director & Chief Executive Officer	Ms. P Balaji (DIN: 08900013)
Mr. S Singh (DIN: 08345392)	

Board Committees					
Audit Committee		Nomination and Remuneration Committee		Corporate Social Responsibility Committee	
Mr. R Tandon	Chairman	Mr. S Sivakumar	Chairman	Mr. S Sivakumar	Chairman
Mr. B B Chatterjee	Member	Mr. B B Chatterjee	Member	Mr. B B Chatterjee	Member
Mr. P Chatterjee	Member	Mr. P Chatterjee	Member	Mr. P Chatterjee	Member
Mr. S Singh	Invitee	Mr. S V Shah	Secretary	Mr. S Singh	Invitee
Mr. R Batra	Invitee			Mr. R Batra	Invitee
Mr. S V Shah	Secretary			Mr. S V Shah	Secretary

<p>Executive Management Committee</p> <p>Mr. S Singh Chairperson</p> <p>Mr. R Batra Member</p> <p>Ms. S Burman Member</p> <p>Mr. S V Shah Member & Secretary</p>	<p>Chief Financial Officer</p> <p>Mr. R Batra</p> <p>Company Secretary</p> <p>Mr. S V Shah</p> <p>Statutory Auditors</p> <p>Deloitte Haskins & Sells LLP Chartered Accountants</p> <p>Registered Office</p> <p>Virginia House 37 Jawaharlal Nehru Road, Kolkata 700 071, West Bengal, India Telephone no.: 033 2288 9371 CIN : U65991WB1996PLC077341 Website : www.itcinfotech.com Email : secretarial.i3l@itcinfotech.com</p>
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During the year, COVID-19 brought a paradigm shift to the global IT Services Industry

ITC Infotech stayed true to its core philosophy of Employee Centricity, Client Centricity and Operations Excellence - which enable the Company to emerge stronger

STRATEGIC PILLARS



Non-contact Sanitization Units



Deep cleaning of workstations



Social distancing signages



We enabled our colleagues to stay productive in a **Secure Work From Home (SWFH)** model. For colleagues identified as client-critical and mission-critical, we created a **safe, sanitized and secure** workplace across ITC Infotech offices

All throughout the global pandemic, we ensured uninterrupted service delivery. We continue to not just meet, but exceed, client expectations. The Company achieved best-in-class Customer Satisfaction (CSat) score in an annual assessment by an independent industry expert. And we partnered with clients to share knowledge and best practices to help companies tied through the crisis.



The Company continues to invest proactively in strengthening its portfolio of **Focus Capabilities**. These industry-leading differentiated capabilities, aimed at helping clients enhance efficiency, effectiveness and experience, have been recognized by **global analyst and independent industry experts**.

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2021

Your Directors submit their Report for the financial year ended 31st March, 2021.

FINANCIAL RESULTS

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

Year Ended March 31,	Consolidated(*) ₹ (crores)		Standalone ₹ (crores)	
	2021	2020	2021	2020
Total Income	2469.29	2268.63	1883.91	1560.77
Total Expenses	1865.16	1980.29	1291.44	1294.44
Profit before Tax	604.13	288.34	592.47	266.33
Tax Expenses	152.83	78.87	144.68	71.64
Profit after Tax	451.30	209.47	447.79	194.69

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

DIVIDEND

During the year, the Board of Directors of the Company declared, on Equity Share of ₹ 10/- each, the first interim dividend of ₹ 17.75 per share and the second interim dividend of ₹ 14.75 per share on 8,52,00,000 Equity Shares, totalling ₹ 32.50 per share (previous year - ₹ 11.75 per share) and aggregating ₹ 276,90,00,000/- (Rupees Two Hundred Seventy-Six crores and Ninety lakhs only). The Board recommends the above as the final dividend for the financial year ended 31st March, 2021.

BUSINESS REVIEW

2020-21 was a year of structural shifts in the IT services industry due to the impact of the COVID-19 pandemic. Despite the disruptions due to the pandemic, the Indian IT Services and Business Process Management (BPM) industry grew by 2.3% in dollar terms in 2020-21, according to NASSCOM estimates.

The year 2020-21 saw the pandemic-led accelerated mainstream adoption of certain digital technologies like Cloud, Intelligent Automation, Digital workplace and Cyber security in the Enterprise technology landscape. Enterprises are adopting these technologies with a view of making their technology infrastructure and applications flexible, scalable and collaborative to enable continuous operations with a distributed workforce, expanding channels of reaching out to their customers and reducing the dependence on human workforce in the case of repetitive and well-defined tasks. 2020-21 also saw the IT services industry demonstrating its resilience in seamlessly delivering services to clients globally by adapting to a distributed delivery model to overcome the supply side disruption of the pandemic through the effective use of mobile computing devices and enterprise collaboration software.

On the back of the pandemic led disruption, businesses are increasingly looking at digital technologies as not just differentiators but as an important driver of continuous operations. In this regard, enterprises are looking at IT service providers as partners who can guide them in their journey of delivering business impact using digital technologies while understanding and sharing their risks. To cater to the accelerated adoption of certain digital technologies, IT service providers continue their focus on sharpening their offerings in these technology areas by collaborating with relevant Independent Software Vendors (ISVs) and start-ups. IT service providers are also focusing on winning large transformation opportunities from enterprise clients through differentiated client centric deal constructs. Re-skilling and up-skilling employees in digital technologies and acquiring targets with digital or domain related capabilities continue to be other key areas of focus of technology service providers through the pandemic year.

In this context, your Company remains focused on providing domain-led digital services and solutions to customers in identified industry verticals. Your Company also successfully adapted to a distributed working environment during the year ensuring safety of its employees and seamless delivery to its clients. During the year, your Company grew on the back of good growth in geographic markets like America, Europe and India. Global In-house Centers (GIC) Services, Digital Experience using Data analytics and Infrastructure services were some of the key drivers of growth during the year. Your Company also forged new alliances and strengthened existing relationships with ISVs in areas such as Automation, Digital Manufacturing and Data analytics.

During the year, your Company's consolidated Revenue from Operations was ₹ 2,453.86 crores (previous year ₹ 2,249.31 crores), representing a

growth of 9.09 %, with Profit Before Tax of ₹ 604.13 crores (previous year ₹ 288.34 crores). Net Profit stood at ₹ 451.30 crores (previous year ₹ 209.47 crores).

Your Company's superior service delivery and technology capabilities continue to earn global recognition. During the year, your Company improved its positioning in Avasant's Intelligent Automation RadarView report, amongst the Top 24 service providers globally, from the 'Disruptors' category in the previous year to the 'Innovators' category in 2020. Likewise, your Company was also featured as a 'Strong Performer' in the Forrester wave report on mid-sized RPA service providers. Your Company's capability on Manufacturing Execution Systems (MES) was recognized and featured in a note on 'An innovative approach for accelerating MES implementation' by Information Services Group. Your Company received the PR world awards during the year for its efforts in effectively responding to the COVID-19 pandemic. Your Company was also awarded 'Best of The Global Outsourcing 100' service providers by International Association of Outsourcing Professionals (IAOP) and was featured as a 'Leader' in their 'Global Outsourcing 100' report.

Your Company remains committed in its journey of providing differentiated, business-friendly offerings to select industry verticals. With a view of thriving in the new normal post the pandemic, your Company will focus on expanding its presence in strategic accounts, creating and winning large transformation opportunities, building and sharpening its domain-specific digital solutions across identified areas, investing in strengthening its distributed delivery framework and in re-skilling and up-skilling its employees in digital technologies.

WHOLLY OWNED SUBSIDIARY COMPANIES

The statement in Form No. AOC-1 containing the salient features of the financial statements of Infotech UK and Infotech USA, wholly owned subsidiaries of your Company, and Indivate Inc., wholly owned subsidiary of Infotech USA, for the financial year 2020-21 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 are set out below:

Company	Revenue		Net Profit	
	2020-21	2019-20	2020-21	2019-20
Infotech UK (*) (in GBP million)	48.80	49.82	0.90	1.23
Infotech USA (#) (in USD million)	107.93	105.12	2.57	3.28
Indivate Inc. (in USD million)	0.43	0.50	0.02	0.03

* for the year under review, Infotech UK declared and paid an interim dividend of GBP 1.25 per Ordinary share (previous year: NIL) of GBP 1/- each on 6,85,815 shares aggregating GBP 8,57,269/- (previous year: NIL).

for the year under review, Infotech USA declared and paid a dividend of USD 14 per share (previous year: USD 11 per share) on 1,82,000 Common Shares-without par value aggregating USD 2.548 million (previous year: USD 2.002 million).

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Changes in Directors during the year

Ms. Sheela Gopalakrishna Mukherjee (DIN: 08069509) resigned as Director of the Company with effect from 31st July, 2020. Your Board of Directors place on record its appreciation for the contribution made by Ms. Mukherjee during her tenure as Director.

In accordance with the provisions of Section 161 of the Companies Act, 2013 (the Act) read with Article 130 of the Articles of Association of the Company, and on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of your Company appointed Ms. Priti Balaji as Additional Non-Executive Director of your Company with effect from 30th October, 2020. Ms. Balaji will vacate office at the 25th Annual General Meeting of the Company (25th AGM).

The Board, on the recommendation of the Nomination and Remuneration Committee, has recommended the appointment of Ms. Balaji as Non-Executive Director of your Company for a period of 3 years with effect from the date of the 25th AGM. Notice under Section 160 of the Act has been received from Ms. Balaji proposing her candidature for appointment as Director of the Company. Requisite consent, pursuant to Section 152 of the Act, has been filed by Ms. Balaji to act as Director, if appointed.

Appropriate resolution seeking your approval for appointment of Ms. Balaji is included in the Notice convening the 25th AGM.

During the year, there were no changes in Key Managerial Personnel of the Company.

Retirement by Rotation

In accordance with the provisions of Section 152 of the Act read with Articles 143 to 145 of the Articles of Association of the Company, Messrs. Partho Chatterjee and Surampudi Sivakumar will retire by rotation at the 25th AGM and, being eligible, offer themselves for re-election. The Board has recommended their re-election.

BOARD COMMITTEES

Your Company has 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 Committees, 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 Permanent 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. The Company Secretary serves as the Secretary to the Committee.

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 Permanent 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 and Board Committees held during the year under review are as given below:

	No. of meetings held
Board	8
Audit Committee	6
Nomination and Remuneration Committee	4
Corporate Social Responsibility Committee	1

ATTRIBUTES, QUALIFICATIONS AND APPOINTMENT OF DIRECTORS

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

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

BOARD EVALUATION

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

REMUNERATION POLICY

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

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

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

The Company's Remuneration Policy, inter alia, provides:

1. To ensure that the 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 design Remuneration practices such that they reinforce the Company's values and culture and creates an organisation that is an Employer of Choice.

RISK MANAGEMENT

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

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

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

INTERNAL FINANCIAL CONTROLS

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

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

OTHER INFORMATION

I. CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Considering that your Company is in the business of providing information technology services and solutions, no comment is required on conservation of energy and technology absorption.

Your Company being a software solution provider requires minimal energy consumption and every endeavour is made to ensure the optimal use of energy. During the year, your Company encouraged employees to continue working from home due to the COVID-19 pandemic.

Your Company ensured effective recycling of wastepaper translating to saving 3 trees, 3.5 KL of water, 62 units of energy, and 0.15 cubic meters in landfill space.

II. FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earnings of your Company during the year were ₹ 1,32,942/- lakhs (previous year – ₹ 1,05,988/- lakhs) while the outgoings were ₹ 16,045/- lakhs (previous year – ₹ 19,168/- lakhs).

III. PARTICULARS OF EMPLOYEES

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

IV. ANNUAL RETURN

As per provisions of Section 92(3) and Section 134(3)(a) of the Act as amended from time to time, the Annual Return in Form MGT-7 is available on the Company's website and can be accessed at <https://www.itcinfotech.com/compliance>.

V. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

VI. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts or arrangements entered into by the Company with its related parties during the financial year were in the ordinary course of business and on arm's length basis. The details of material transaction(s) entered into by your Company with its related parties are provided in **Annexure 3** (Form No. 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 ₹ 5,000 lakhs, whichever is lower.

VII. COST RECORDS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. followed in the preparation of the Financial Statements for the financial year ended 31st March, 2021, 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, 2021, on a going concern basis, and

- v. devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

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

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

AUDITORS

(a) Statutory Auditors

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

The Board, in terms of Section 142 of the Act and on the recommendation of the Audit Committee, has recommended for the approval of the Members the remuneration to DHS to conduct the audit of the Standalone Financial Statements and Consolidated Financial Statements for the financial year 2021-22.

Appropriate resolution seeking your approval in respect of the remuneration to DHS is included in the Notice convening the 25th AGM of the Company.

(b) Secretarial Auditor

Your Board appointed Ms. Medha Gokhale, CP No. 15494, Practising Company Secretary, to conduct the secretarial audit of your Company for the financial year ended 31st March, 2021. The report of Ms. Gokhale, in terms of Section 204 of the Act is provided in **Annexure 4** to this Report.

SECRETARIAL STANDARDS

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

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

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

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, co-operation and stellar performance under the unprecedented situation due to COVID-19 pandemic and lockdown during the year under review.

On behalf of the Board

S. Sivakumar
Vice Chairman
Hyderabad

S. Singh
Managing Director
Bengaluru

Date: 4th May, 2021

ANNEXURE 1 TO THE REPORT OF THE BOARD OF DIRECTORS
Annual Report on CSR Activities for the Financial Year ended 31st March, 2021

1. Brief outline:

ITC Infotech India Limited, being a wholly owned subsidiary of ITC Limited ('ITC'), will discharge its responsibility by aligning itself with the CSR Policy of ITC and by undertaking CSR activities in areas or subjects which are independent of the normal conduct of the Company's business and are aligned to the activities listed in Schedule VII read with Section 135 of the Act and the CSR Rules.

The CSR Policy of the Company has been revised in line with the amended CSR Rules incorporating the approach and direction that may be specified by the Board, taking into account the recommendations of the CSR Committee, on the principles for selection, implementation and monitoring of CSR activities as well as formulation of the CSR Annual Action Plan.

Salient features of the Company's revised CSR Policy:

The Company -

- ✓ Will undertake CSR activities (a) directly, or (b) through a registered public trust or a registered society or a company under Section 8 of the Act, established by ITC or otherwise, having track record of at least three years in undertaking CSR activities, or (c) through other implementing agencies.
- ✓ May collaborate with ITC or other companies for undertaking CSR activities in such a manner that the respective companies are in a position to report separately on the CSR activities being undertaken.
- ✓ Will endeavour to spend in every financial year, two percent of its average net profits during the three immediately preceding financial years (or such other limit as may be prescribed under the Companies Act, 2013), on CSR activities in pursuance of this Policy.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. S. Sivakumar (Chairman of the Committee)	Vice Chairman and Non-Executive Director	1	1
2	Mr. B. B. Chatterjee	Non-Executive Director	1	1
3	Mr. P. Chatterjee	Non-Executive Director	1	1

3. Provide the web-link where composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company – <https://www.itcinfotech.com/compliance>
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report) - Not Applicable
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any – Nil

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	N.A.	Nil	Nil

6. Average net profits of the Company as per Section 135(5) – ₹ 140,37,36,364/-
7. (a) Two percent of average net profit of the Company as per Section 135(5) – ₹ 2,80,74,727/-
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years - Nil
 (c) Amount required to be set off for the financial year, if any - Nil
 (d) Total CSR obligation for the financial year (7a+7b-7c) - ₹ 2,80,74,727/-
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 2,81,00,000	Nil				

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)		
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
Not Applicable												

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1	Disaster management, including relief, activities	Covered under Clause (xii) of Schedule VII to the Companies Act, 2013	N.A.	N.A.		₹ 281 Lakhs	No	ITC Education and Health Care Trust, Kolkata	CSR00002775

- (d) Amount spent in Administrative Overheads – Not Applicable
 (e) Amount spent on Impact Assessment, if applicable – Not Applicable
 (f) Total amount spent for the Financial Year (8b+8c+8d+8e) – ₹ 2,81,00,000/-
 (g) Excess amount for set off, if any – Not Applicable

Sl. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the company as per Section 135(5)	N.A.
(ii)	Total amount spent for the Financial Year	N.A.
(iii)	Excess amount spent for the financial year [(ii)-(i)]	N.A.
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	N.A.
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	N.A.

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135(6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
Not Applicable							

- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):- Not applicable

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed / Ongoing
Not Applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year – Not Applicable

(asset wise details)

(a) Date of creation or acquisition of the capital asset(s).	N.A.
(b) Amount of CSR spent for creation or acquisition of capital asset.	N.A.
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	N.A.
(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).	N.A.

11. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per Section 135(5) – Not applicable

Date: 4th May, 2021

S. Sivakumar
 Chairman - CSR Committee
 Hyderabad

S. Singh
 Managing Director
 Bengaluru

**ANNEXURE 2 TO THE REPORT OF THE BOARD OF DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021**

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 / Deputation	Previous Employment/ Position held
1	2	3	4	5	6	7	8	9
KUMAR VISHAL #	50	President - ROW	31993546	31993546	B.E.	28	13-Jan-03	PSI Data Systems Ltd. Sales & Marketing Manager
SINGH SUDIP	48	Managing Director & Chief Executive Officer	31176482	16829886	M.B.A.	23	28-Jan-19	Infosys Ltd., Global Industry Head - Energy, Utilities, Resources & Services Segment
OCHANI ANUP #	44	General Manager - Business Development	23399281	23399281	B.E.	23	12-Nov-07	Aptiva Consulting Project Manager
KSHETRAPAL ADITYA	44	Vice President - Business Development	21290138	13321606	M.B.A.	20	10-Nov-14	Capgemini India Private Ltd. Senior Manager
BATRA RAKESH ###	57	Chief Financial Officer	18685680	8414379	B.Com (H), FCA	35	01-Sep-06	-
PAUL DEBJYOTI	48	President - IT Services	14082566	8766106	PGDM	23	30-Dec-19	Microsoft Architect Manager
ALUVALA VEMENDER	34	Manager - Business Development	13628623	9012667	M.B.A.	11	04-Feb-16	Infinite Computer Solutions Assistant Manager
PATNI MUDIT ##	40	General Manager - Business Development	12984775	8584529	PGDM	17	01-Feb-19	Rockwell Automation Business Development Manager
AKHAURY UMANG #	39	Senior Manager - Business Development	12701213	7407282	M.B.A.	14	08-Nov-15	Tata Consultancy Services Business Development Manager
BURMAN SUCHISMITA	45	Chief Human Resources Officer	11435671	7288225	M.P.M.	21	07-Jun-19	Deloitte Consulting Vice President

Other employees employed throughout the year and in receipt of remuneration aggregating ₹ 1,02,00,000/- or more per annum								
Name	Age	Designation / Nature of Duties	Gross Remuneration (₹)	Net Remuneration (₹)	Qualifications	Experience (Years)	Date of Commencement of Employment / Deputation	Previous Employment/ Position held
1	2	3	4	5	6	7	8	9
RAJESH B.A.B #	53	General Manager - IT Services	10998943	7371003	B.Sc.	29	12-Jan-10	Bristlecone India Ltd. Manager - Delivery
SHAH SANJAY V ###	60	Sr. Vice President & Company Secretary	10797884	5172920	B.Com, ACA, ACS	37	13-Dec-00	-
MALHOTRA HIMANSHU #	36	Senior Manager - Business Development	10782865	10782865	B.TECH.	13	14-Feb-08	-
SINHA PANKAJ KUMAR #	49	Senior Manager - Business Development	10404668	6130128	M.B.A.	21	11-Apr-13	Interlec Systems LLC Major Account Manager

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 / Deputation	Previous Employment/ Position held
1	2	3	4	5	6	7	8	9
GAREWAL HARDEEP SINGH (return from secondment)	57	President - Europe	984906	861355	PGDM	32	01-Oct-00	-
KODIPALLI PAVAN KUMAR # (separated from the services of the Company)	39	Technical Architect	9962878	5157110	B.S.	15	21-May-15	Wipro Technologies Lead Consultant
NARAYANAN VIJAY # (separated from the services of the Company)	40	Service Delivery Manager	8788191	4543765	B.E.	16	25-Apr-11	Goldman Sachs Services Pvt. Ltd. Senior Technology Analyst
RAMASAMY ANANTHARAMAN	45	General Manager	4427136	3259133	M.C.S	23	15-Jun-15	Symphony Teleca Director IT

Notes

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

On behalf of the Board

S. Sivakumar
Vice Chairman
Hyderabad

S. Singh
Managing Director
Bengaluru

Date: 4th May, 2021

ANNEXURE 3 TO THE REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021**FORM NO. 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 arrangements 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 - ₹ 16,717 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 (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 120 days - Value of transactions during the year - ₹ 24,124 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 120 days - Value of transactions during the year - ₹ 41,740 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	One year
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	- Simple Interest payable at 7.75% per annum - The Company may from time to time repay the loan in part or in full and may again borrow depending on business requirements provided that the total amount of loan outstanding at any point of time shall not exceed ₹ 10,000 lakhs - Loan received during the year- Nil - Loan repaid during the year- Nil - Interest paid during the year- Nil
e)	Date(s) of approval by the Board, if any	4th February, 2019 17th December, 2020 (Audit Committee)
f)	Amount paid as advances, if any	Nil

On behalf of the Board

S. Sivakumar
Vice Chairman
Hyderabad

S. Singh
Managing Director
Bengaluru

Date: 4th May, 2021

ANNEXURE 4 TO THE REPORT OF THE BOARD OF DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2021

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

[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
M/s. ITC Infotech India Limited
Virginia House, 37, J. L. Nehru Road
Kolkata, West Bengal, India - 700071

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by M/s. ITC Infotech India Limited ('the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company and its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion and to the best of my understanding, the Company has, during the audit period covering the financial year ended 31st March, 2021, 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.

I have examined the books, papers, minutes, forms and returns filed and other relevant records maintained by the Company and made available to me for the financial year ended 31st March, 2021, according to the applicable provisions of:

- a. The Companies Act, 2013 and the Rules made thereunder,
- b. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment,
- c. Other laws applicable to the Company, namely:
 1. The Information Technology Act, 2000 and the rules made thereunder;
 2. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
 3. The Shops & Establishments Act, 1961.

I have also examined compliance with the applicable clauses of Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India.

On the basis of the Audit as referred above and to the best of my knowledge, understanding and belief, I am of the view that during the year under review, the Company has complied with the applicable provisions of the Acts, Rules, Regulations, Guidelines & Standards mentioned above.

I FURTHER REPORT THAT:

- a. The Board of Directors of the Company is duly constituted with proper balance of Executive Director and Non-Executive Directors. The changes in the composition of the Board of Directors of the Company that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013.
- b. Adequate notices were given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in compliance with the provisions of the Companies Act, 2013, the Rules made thereunder and the Secretarial Standard as applicable and an appropriate system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c. 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.

I further report that based on the information provided by the Company and also on the review of the compliance certificates / reports taken on record by the Board of Directors of the Company, in my opinion, 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.

I 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 my letter of even date which is annexed as Annexure A and forms an integral part of this Report.

Medha Gokhale
CP No.: 15494
ACS No.: 32735
UDIN: A032735C000234411

Date: May 04, 2021
Place: Bengaluru

Annexure A

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

My Secretarial Audit Report for the financial year ended 31st March, 2021, is to be read along with this letter.

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively. My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to compliances.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the records so provided. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. Whenever required, I have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
4. The compliance of various provisions of applicable Laws, Rules, Regulations and Standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
5. The compliance by the Company of applicable financial & tax Laws and maintenance, correctness & appropriateness of financial records and books of accounts have not been reviewed in this audit.
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.

Medha Gokhale
CP No.: 15494
ACS No.: 32735
UDIN: A032735C000234411

Date: May 04, 2021
Place: Bengaluru

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ITC INFOTECH INDIA LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of ITC Infotech India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is Board's Report along with Annexures but does not include the standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and

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

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding

independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
 - ii. The Company has long-term contracts as at March 31, 2021 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at March 31, 2021.
 - 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

Place: Bengaluru

(Membership No. 110815)

Date: May 4, 2021

UDIN - 21110815AAAABF9930

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of ITC Infotech India Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone Ind AS 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 issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods

are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting established by the Company considering

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i) In respect of the Company's fixed assets:
- (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 (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, 2021 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, Goods and Services Tax, Customs Duty, 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, Goods and Services Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Anand Subramanian

Partner

Place: Bengaluru

(Membership No. 110815)

Date: May 4, 2021

UDIN - 21110815AAAABF9930

- (c) Detail of dues of Service Tax which have not been deposited as on March 31, 2021 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	CESTAT	April 1, 2007 to June 30, 2011	120*
Finance Act, 1994	Service tax including interest and penalty	Commissioner	July 1, 2011 to June 30, 2017	505#

* Net of amount deposited under protest ₹ 15.00 lakhs.

#Net of amount deposited under protest ₹ 16.78 lakhs.

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable to the Company.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (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 Sections 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

Place: Bengaluru

(Membership No. 110815)

Date: May 4, 2021

UDIN - 21110815AAAABF9930

BALANCE SHEET AS AT 31ST MARCH, 2021

	Note No.	As at 31st March, 2021 (₹ in Lakhs)	As at 31st March, 2020 (₹ in Lakhs)
I ASSETS			
1 Non-current Assets			
(a) Property, Plant and Equipment	2	3,458	4,438
(b) Other Intangible Assets	2	504	562
(c) Right-of-Use Assets	2	85	366
(d) Financial Assets			
(i) Investments	3 (a)	8,704	8,704
(ii) Loans	4 (a)	-	3
(iii) Others	5 (a)	-	144
(e) Deferred Tax Assets (Net)	9	2,684	1,940
(f) Income Tax Assets (Net)	10	1,813	2,335
(g) Other Non-Current Assets	11 (a)	283	225
Sub-Total		17,531	18,717
2 Current Assets			
(a) Financial Assets			
(i) Investments	3 (b)	26,767	15,101
(ii) Trade Receivables	6	17,897	23,095
(iii) Cash and Cash Equivalents	7	852	1,219
(iv) Other Bank Balances	8	10,000	-
(v) Loans	4 (b)	3	3
(vi) Others	5 (b)	16,523	14,017
(b) Other Current Assets	11 (b)	4,044	1,906
Sub-Total		76,086	55,341
TOTAL		93,617	74,058
II EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share Capital	12	8,520	8,520
(b) Other Equity		62,574	45,012
Sub-Total		71,094	53,532
2 Non-current Liabilities			
(a) Financial Liabilities			
(i) Lease Liabilities		-	98
(ii) Other Financial Liabilities	13 (a)	1,340	550
(b) Provisions	14 (a)	1,411	1,745
Sub-Total		2,751	2,393
3 Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payable and Accrued expenses			
- Total outstanding dues of micro and small enterprises		112	244
- Total outstanding dues other than micro and small enterprises		5,865	5,457
(ii) Lease Liabilities		98	285
(iii) Other Financial Liabilities	13 (b)	10,167	9,284
(b) Other Current Liabilities	15	2,486	1,477
(c) Provisions	14 (b)	1,044	1,386
Sub-Total		19,772	18,133
TOTAL		93,617	74,058

The accompanying notes 1 to 38 are an integral part of the Financial Statements.

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

For Deloitte Haskins & Sells LLP,

Firm Registration Number : 117366 W/W- 100018

Chartered Accountants

Anand Subramanian

Partner

Membership Number : 110815

Place : Bengaluru

Date : 04 May, 2021

On behalf of the Board

S. Singh

Managing Director

Bengaluru

R. Batra

Chief Financial Officer

Bengaluru

Date : 04 May, 2021

S. Sivakumar

Vice Chairman

Hyderabad

S. V. Shah

Company Secretary

St. Louis, USA

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

	Note No.	For the year ended 31st March, 2021 (₹ in Lakhs)	For the year ended 31st March, 2020 (₹ in Lakhs)
I Revenue from Operations	16	183,498	152,987
II Other Income	17	4,893	3,090
III Total Income		<u>188,391</u>	<u>156,077</u>
IV Expenses			
Employee Benefits Expense	18	102,870	95,876
Finance Costs	19	19	39
Depreciation and Amortisation Expense	2	2,583	1,737
Other Expenses	20	23,672	31,792
Total Expenses		<u>129,144</u>	<u>129,444</u>
V Profit Before Tax (III-IV)		<u>59,247</u>	<u>26,633</u>
VI Tax Expenses	21 (a)		
Current Tax		15,425	6,312
Deferred Tax Charge/ (Credit)		(957)	852
		<u>14,468</u>	<u>7,164</u>
VII Profit for the Year (V-VI)		<u>44,779</u>	<u>19,469</u>
VIII Other Comprehensive Income			
(a) Items that will not be Reclassified Subsequently to Profit or Loss			
- Remeasurement of Net Defined Benefit Liability		846	(359)
- Less: Tax Relating to Items that will not be reclassified subsequently to Profit or Loss	21 (b)	213	(90)
(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		<u>633</u>	<u>(269)</u>
IX Total Comprehensive Income for the Year (VII+VIII)		<u>45,412</u>	<u>19,200</u>
X Earnings Per Share (in ₹) (Face value ₹ 10 each) (Basic and Diluted)	27	<u>52.56</u>	<u>22.85</u>

The accompanying notes 1 to 38 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

Anand Subramanian

Partner

Membership Number : 110815

Place : Bengaluru

Date : 04 May, 2021

On behalf of the Board

S. Singh

Managing Director

Bengaluru

R. Batra

Chief Financial Officer

Bengaluru

Date : 04 May, 2021

S. Sivakumar

Vice Chairman

Hyderabad

S. V. Shah

Company Secretary

St. Louis, USA

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

A. Equity Share Capital					(₹ in Lakhs)
Balance at 1st April, 2019	Changes in Equity Share Capital during the year	Balance at 31st March, 2020	Changes in Equity Share Capital during the year	Balance at 31st March, 2021	
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, 2019	25,089	12,008	37,097		
- Profit for the Year	19,469	-	19,469		
- Remeasurement of Net Defined Benefit Liability (Net of Tax)	(269)	-	(269)		
Total Comprehensive Income	19,200	-	19,200		
- Payment of Interim Dividend @ ₹ 11.75/- per share on 85,200,000 Shares	(10,011)	-	(10,011)		
- Dividend Distribution Tax	(1,764)	-	(1,764)		
- Recognition of Share Based Payment (Refer Note 29)	-	490	490		
- Options Lapsed during the Year	528	(528)	-		
Balance as at 31st March, 2020	33,041	11,971	45,012		
- Profit for the Year	44,779	-	44,779		
- Remeasurement of Net Defined Benefit Liability (Net of Tax)	633	-	633		
Total Comprehensive Income	45,412	-	45,412		
- Payment of Interim Dividend : @ ₹ 17.75/- per share on 85,200,000 Shares: ₹ 15,123 Lakhs @ ₹ 14.75/- per share on 85,200,000 Shares: ₹ 12,567 Lakhs	(27,690)	-	(27,690)		
- Recognition of Share Based Payment (Refer Note 29)	-	(160)	(160)		
- Options Lapsed during the Year	818	(818)	-		
Balance as at 31st March, 2021	51,581	10,993	62,574		

Retained Earnings: This represents the cumulative profits of the Company and effects of re-measurement of defined benefit obligations. This can be utilised in accordance with the provisions of the Companies Act, 2013.

Capital Contribution for Share Based Payments: This reserve represents fair value of options issued to employees under ITC Employee Stock Option Scheme by the Holding Company.

The accompanying notes 1 to 38 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

Anand Subramanian

Partner

Membership Number : 110815

Place : Bengaluru

Date : 04 May, 2021

On behalf of the Board

S. Singh

Managing Director

Bengaluru

R. Batra

Chief Financial Officer

Bengaluru

Date : 04 May, 2021

S. Sivakumar

Vice Chairman

Hyderabad

S. V. Shah

Company Secretary

St. Louis, USA

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

	For the year ended 31st March, 2021 (₹ in Lakhs)	For the year ended 31st March, 2020 (₹ in Lakhs)
A CASH FLOW FROM OPERATING ACTIVITIES :		
PROFIT BEFORE TAX	59,247	26,633
ADJUSTMENTS FOR :		
Depreciation and Amortisation Expense	2,583	1,737
Dividend Income from Subsidiary Company	(2,739)	(1,420)
Net Gain on Sale of Investments	(970)	(927)
Property, Plant and Equipment - Loss on Sale / Discarded [net]	21	86
Unrealised Loss / (Gain) on Exchange [net]	221	(233)
Share based Payments to Employees [(credit) / charge]	(112)	336
Provision for Doubtful Receivables and Advances [charge]	689	417
Interest Income	(167)	-
Finance Costs	19	39
Liabilities no Longer Required Written Back	-	(408)
	<u>(455)</u>	<u>(373)</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	58,792	26,260
ADJUSTMENTS FOR :		
Trade Receivables, Loans and Advances and Other Assets	(174)	(11,367)
Trade Payables, Other Liabilities and Provisions	3,182	6,404
	<u>3,008</u>	<u>(4,963)</u>
CASH FROM OPERATIONS	61,800	21,297
Income Tax Paid (Net)	(14,902)	(7,047)
NET CASH FROM OPERATING ACTIVITIES	46,898	14,250
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Property, Plant and Equipment	(1,257)	(2,601)
Purchase of Current Investments	(355,186)	(207,301)
Investment in Bank Deposits (original maturity more than 3 months)	(10,000)	-
Sale / Redemption of Current Investments	344,490	207,138
Sale of Property, Plant and Equipment	22	14
Dividend Income from Subsidiary Company	2,739	1,420
NET CASH (USED) IN INVESTING ACTIVITIES	(19,192)	(1,330)
C CASH FLOW FROM FINANCING ACTIVITIES :		
Interim Dividend on Equity Shares	(27,690)	(10,011)
Dividend Distribution Tax	-	(1,764)
Lease Payments	(308)	(312)
NET CASH (USED) IN FINANCING ACTIVITIES	(27,998)	(12,087)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(292)	834
OPENING CASH AND CASH EQUIVALENTS	1,145	311
CLOSING CASH AND CASH EQUIVALENTS	853	1,145
CASH AND CASH EQUIVALENTS COMPRISE :		
Cash and Cash Equivalents as above	853	1,145
Unrealised (Loss) / Gain on Foreign Currency Cash and Cash Equivalents	(1)	74
Cash and Cash Equivalents (Note 7)	<u>852</u>	<u>1,219</u>

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

The accompanying notes 1 to 38 are an integral part of the Financial Statements.

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

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

On behalf of the Board

Anand Subramanian
Partner
Membership Number : 110815

S. Singh
Managing Director
Bengaluru

S. Sivakumar
Vice Chairman
Hyderabad

Place : Bengaluru
Date : 04 May, 2021

R. Batra
Chief Financial Officer
Bengaluru

S. V. Shah
Company Secretary
St. Louis, USA

Date : 04 May, 2021

NOTES TO THE FINANCIAL STATEMENTS

Note No.

NATURE OF OPERATIONS

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

1 SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

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

b) Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair value, as explained in the accounting policies. The functional currency of the Company is the Indian rupee (₹). These financial statements are presented in ₹ (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 116 – 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.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19) :

The Company has considered the possible effects that may arise out of the still unfolding COVID-19 pandemic on the carrying amounts of trade receivables, unbilled revenues, investments, etc. For this purpose, the Company has considered internal and external sources of information up to the date of approval of these financial statements, including credit reports and related information, economic forecasts, market value of certain investments etc. The Company has also performed sensitivity analysis on the assumptions used, and based on current estimates, does not expect any significant impact on such carrying values.

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 of the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements 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. For this purpose, cost includes deemed cost which represents the carrying value of property, plant and equipment recognised as at 1st April, 2015 measured as per the previous GAAP.

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 amortises 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	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 license fees and costs of implementation/system integration services. The costs are capitalised in the year in which the relevant software is implemented for use 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 the 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

Financial assets and financial liabilities are recognised 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 recognised on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial Assets

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

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

Financial assets are classified as those measured at:

- (a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and / or interest.
- (b) fair value through other comprehensive income, where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.
- (c) fair value through profit or loss, where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

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

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

In calculating expected credit loss, in view of the pandemic relating to COVID - 19, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of credit loss in future and has taken into account estimates of possible effect from the COVID - 19 scenario.

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

Financial Liabilities

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

Offsetting Financial Instruments

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

Investment in Subsidiaries

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

j) **Revenue from Sale of Products and Services**

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

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

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

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

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

k) **Employee Benefits**

The Company makes contributions to both defined contribution schemes and defined benefit schemes such as defined benefit

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

pension and gratuity plans which are mainly administered through duly constituted and approved Trusts.

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.

l) Employee Share Based Compensation

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

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

m) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

Right-of-Use (ROU) assets are recognised at inception of a contract or arrangement for significant lease components at cost less lease incentives, if any. ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses, if any. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct cost incurred and lease payments made at or before the lease commencement date. ROU assets are generally depreciated over the shorter of the lease term and estimated useful lives of the underlying assets on a straight line basis. Lease term is determined based on consideration of facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Lease payments associated with short-term leases and low value leases are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

The Company recognises lease liabilities measured at the present value of lease payments to be made on the date of recognition of the lease. Such lease liabilities do not include variable lease payments (that do not depend on an index or a rate), which are recognised as expense in the periods in which they are incurred. Interest on lease liability is recognised using the effective interest method. Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities are also remeasured upon modification of lease arrangement or upon change in the assessment of the lease term. The effect of such remeasurements is adjusted to the value of the ROU assets.

Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment or investment property and depreciated over its useful economic life.

Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the term of the lease.

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, as applicable) 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). The Company is currently operating in a single segment i.e. Information Technology.

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 capitalised 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

2 : PROPERTY, PLANT AND EQUIPMENT, OTHER INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS - FY 2020-21										
(₹ in Lakhs)										
DESCRIPTION	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 1st April, 2020	Additions	Withdrawals / Adjustments	As at 31st March, 2021	As at 1st April, 2020	Charge for the Year	Withdrawals/ Adjustments	As at 31st March, 2021	As at 31st March, 2021	As at 1st April, 2020
(i) TANGIBLE ASSETS										
Leasehold Properties - Building Improvement	923	-	119	804	812	22	119	715	89	111
Plant and Equipment	438	1	0	439	152	198	0	350	89	286
Furniture and Fixtures	937	8	-	945	477	316	-	793	152	460
Motor Vehicles	9	-	-	9	7	1	-	8	1	2
Office Equipment	855	22	7	870	646	63	6	703	167	209
Computers, Servers and Networks	5,400	1,052	529	5,923	2,985	928	487	3,426	2,497	2,415
Electrical Installations and Equipment	1,739	8	0	1,747	784	500	0	1,284	463	955
SUB TOTAL	10,301	1,091	655	10,737	5,863	2,028	612	7,279	3,458	4,438
(ii) INTANGIBLE ASSETS										
Capitalised Software	2,953	215	-	3,168	2,391	273	-	2,664	504	562
SUB TOTAL	2,953	215	-	3,168	2,391	273	-	2,664	504	562
(iii) Right-of-Use Assets										
Right-of-Use Assets-Buildings [Refer Note 1(m)]	656	-	60	596	290	282	61	511	85	366
SUB TOTAL	656	-	60	596	290	282	61	511	85	366
GRAND TOTAL	13,910	1,306	715	14,501	8,544	2,583	673	10,454	4,047	5,366

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

2 : PROPERTY, PLANT AND EQUIPMENT, OTHER INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS - FY 2019-20										
(₹ in Lakhs)										
DESCRIPTION	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 1st April, 2019	Additions	Withdrawals / Adjustments	As at 31st March, 2020	As at 1st April, 2019	Charge for the Year	Withdrawals/ Adjustments	As at 31st March, 2020	As at 31st March, 2020	As at 1st April, 2019
(i) TANGIBLE ASSETS										
Leasehold Properties - Building Improvement	806	117	-	923	806	6	-	812	111	-
Plant and Equipment	392	46	-	438	99	53	-	152	286	293
Furniture and Fixtures	994	63	120	937	423	114	60	477	460	571
Motor Vehicles	9	-	-	9	6	1	-	7	2	3
Office Equipment	805	56	6	855	572	79	5	646	209	233
Computers, Servers and Networks	4,090	1,668	358	5,400	2,564	740	319	2,985	2,415	1,526
Electrical Installations and Equipment	1,415	324	-	1,739	575	209	-	784	955	840
SUB TOTAL	8,511	2,274	484	10,301	5,045	1,202	384	5,863	4,438	3,466
(ii) INTANGIBLE ASSETS										
Capitalised Software	2,626	327	-	2,953	2,144	247	-	2,391	562	482
SUB TOTAL	2,626	327	-	2,953	2,144	247	-	2,391	562	482
(iii) Right-of-Use Assets										
Right-of-Use Assets-Buildings [Refer Note 1(m)]	653	-	(3)	656	-	288	(2)	290	366	-
SUB TOTAL	653	-	(3)	656	-	288	(2)	290	366	-
GRAND TOTAL	11,790	2,601	481	13,910	7,189	1,737	382	8,544	5,366	3,948

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

(₹ in Lakhs)			(₹ in Lakhs)		
	As at 31st March, 2021	As at 31st March, 2020		As at 31st March, 2021	As at 31st March, 2020
3. INVESTMENTS			4. LOANS		
3 (a) Non-Current			4 (a) Non-Current		
In Subsidiaries			Loans to Employees		
Investments in Equity Instruments- (At Cost) Unquoted			- Unsecured, Considered Good	-	3
ITC Infotech Limited (UK)	687	687	Total	-	3
685,815 (2020 - 685,815) Equity Shares of GBP 1 each, fully paid			4 (b) Current		
ITC Infotech (USA), Inc.	8,017	8,017	Loans to Employees		
182,000 (2020 - 182,000) Ordinary Shares without par value, fully paid			- Unsecured, Considered Good	3	3
Total	8,704	8,704	- Unsecured, Considered Doubtful	-	22
3 (b) Current (at fair value through profit or loss)			Total	3	25
Investment in Mutual Funds - Unquoted			Less : Allowance for Doubtful Loans	-	(22)
SBI Liquid Fund - 371,803 Units (2020 - Nil Units) of ₹ 1,000 Each	11,909	-	Total	3	3
Kotak Liquid Plan - 287,577 Units (2020 - Nil Units) of ₹ 1,000 Each	11,908	-	5 OTHER FINANCIAL ASSETS		
UTI Liquid Cash Plan - 87,975 Units (2020 - Nil Units) of ₹ 1,000 Each	2,950	-	5 (a) Non-Current		
Nippon India Overnight Fund - Nil Units (2020 - 6,445,869 Units) of ₹ 100 Each	-	6,900	Security Deposits (includes deposits for Company accommodations, offices etc.)	-	144
DSP Overnight Fund - Nil Units (2020 - 646,486 Units) of ₹ 1,000 Each	-	6,901	Total	-	144
UTI Overnight Fund - Nil Units (2020 - 47,928 Units) of ₹ 1,000 Each	-	1,300			
Total	26,767	15,101			

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	(₹ in Lakhs)		(₹ in Lakhs)	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
5 (b) Current				
Unbilled Revenue - time and material basis *	16,026	13,685		
Security Deposits (includes deposits for Company accommodations, offices etc.)	218	78		
Foreign Currency Forward Contracts	60	129		
Interest Accrued on Deposits	154	-		
Advances (includes advance to employees)				
- Considered Good	65	125		
- Considered Doubtful	-	35		
	65	160		
Less : Allowance for Doubtful Advances	-	(35)		
Total	16,523	14,017		
* Right to consideration is unconditional upon passage of time				
6 TRADE RECEIVABLES				
Unsecured, Considered Good	17,897	23,095		
Unsecured, Considered Doubtful	1,244	702		
	19,141	23,797		
Less: Allowance for Doubtful Receivables	(1,244)	(702)		
Total	17,897	23,095		
7 CASH AND CASH EQUIVALENTS *				
Balances with Banks :				
Current Accounts	852	1,219		
Total	852	1,219		
* Cash and cash equivalents include cheques, drafts on hand, cash at bank and deposits with banks with original maturity of 3 months or less.				
8 OTHER BANK BALANCES				
In Deposit Accounts*	10,000	-		
Total	10,000	-		
* Represents deposits with original maturity of more than 3 months having remaining maturity of less than 12 months from the Balance Sheet date.				
9 DEFERRED TAX ASSETS (NET)				
Deferred Tax Assets	2,689	1,940		
Less: Deferred Tax Liabilities	5	0		
Deferred Tax Assets (Net)	2,684	1,940		
Movement in Deferred Tax				
	Opening Balance	Recognized in profit or loss	Recognized in OCI	Closing Balance
FY 2020-21				
Deferred Tax Assets :				
On provision for employees' separation and retirement etc.	693	519	(213)	999
On provision for doubtful receivables and advances	191	122	-	313
On fiscal allowances on property, plant and equipment	616	126	-	742
Other timing differences	440	195	-	635
Total Deferred Tax Assets	1,940	962	(213)	2,689
Deferred Tax Liabilities :				
Other timing differences	0	5	-	5
Total Deferred Tax Liabilities	0	5	-	5
Deferred Tax Assets (Net)	1,940	957	(213)	2,684
	Opening Balance	Recognized in profit or loss	Recognized in OCI	Closing Balance
FY 2019-20				
Deferred Tax Assets :				
On provision for employees' separation and retirement etc.	1,279	(676)	90	693
On provision for doubtful receivables and advances	279	(88)	-	191
On fiscal allowances on property, plant and equipment	897	(281)	-	616
Other timing differences	264	176	-	440
Total Deferred Tax Assets	2,719	(869)	90	1,940
Deferred Tax Liabilities :				
Other timing differences	17	(17)	-	0
Total Deferred Tax Liabilities	17	(17)	-	0
Deferred Tax Assets (Net)	2,702	(852)	90	1,940
10 INCOME TAX ASSETS (NET)				
Advance Tax (Net of Provision for Income Tax)	1,813	2,335		
Total	1,813	2,335		
11 OTHER ASSETS				
11(a)Non-Current				
Advances other than Capital Advances				
Advances with Statutory Authorities	84	84		
Other Advances (Unexpired Expenses)	199	141		
Total	283	225		
11(b)Current				
Unbilled Revenue - percentage of completion *	2,175	926		
Advances other than Capital Advances				
Advances with Statutory Authorities	-	19		
Other Advances (includes Unexpired Expenses)	1,483	961		
Advance to related parties (Refer Note 35)	386	-		
Total	4,044	1,906		
*Contractual right to consideration is dependent on completion of contractual milestones.				
12 EQUITY SHARE CAPITAL				
Authorised:				
86,000,000 (2020 - 86,000,000) Equity Shares of ₹10 each	8,600	8,600		
Issued and subscribed :				
85,200,000 (2020 - 85,200,000) Equity Shares of ₹10 each, fully paid (All equity shares are held by ITC Limited, the Holding Company. The Equity Shares of the Company, having par value of ₹ 10 per share, rank pari passu in all respects including entitlement to dividend. No new equity shares have been issued during the year.)	8,520	8,520		
Total	8,520	8,520		
13 OTHER FINANCIAL LIABILITIES				
13 (a)Non- Current				
Employee Payable	1,302	540		
ESAR Liability	38	10		
Total	1,340	550		
13 (b)Current				
Employee Payable	9,910	8,701		
Foreign Currency Forward Contracts	50	412		
ESAR Liability	5	0		
Other Liabilities [includes payables for property, plant and equipment ₹ 201 Lakh (2020 - ₹ 152 Lakh)]	202	171		
Total	10,167	9,284		
14 PROVISIONS				
14 (a)Non- Current				
Provision for Employee Benefits*				
Retirement Benefits	414	451		
Compensated Absences	997	1,294		
Total	1,411	1,745		
14 (b)Current				
Provision for Employee Benefits*				
Retirement Benefits	39	935		
Compensated Absences	1,005	451		
Total	1,044	1,386		
*Includes provision for pension, gratuity and compensated absences. For details refer note 26.				
15 OTHER CURRENT LIABILITIES				
Statutory Dues	2,098	868		
Inter-company payable (Refer to Note 35)	214	186		
Unearned Revenue	174	423		
[Out of last year's amount of ₹ 423 Lakhs, revenue recognised in current year is ₹ 420 Lakhs]				
Total	2,486	1,477		
			(₹ in Lakhs)	
	For the year ended 31st March, 2021	For the year ended 31st March, 2020		
16 REVENUE FROM OPERATIONS				
Sale of Services*				
Exports	130,076	104,453		
Domestic	52,824	47,768		
Resale of Software and Hardware (including Support Charges)*				
Exports	128	115		
Domestic	470	651		
Total	183,498	152,987		
* For disaggregated revenues from contracts with customers by geography, please refer Note 34 on Segment Reporting				

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	For the year ended 31st March, 2021	(₹ in Lakhs) For the year ended 31st March, 2020
17 OTHER INCOME		
Interest Income	167	-
Dividend Income	2,739	1,420
Other Gains	1,902	1,229
Miscellaneous Income	85	441
Total	4,893	3,090
Interest income comprises Interest from:		
Deposits	167	-
	<u>167</u>	<u>-</u>
Dividend income comprises dividend from:		
Investment in Subsidiary Company	2,739	1,420
	<u>2,739</u>	<u>1,420</u>
Other Gains		
Net Foreign Exchange Gains	932	302
Net Gain on Investments [includes unrealised gain/(loss): ₹ 19 Lakhs (FY 20: ₹ (38) Lakhs)]	970	927
	<u>1,902</u>	<u>1,229</u>
18 EMPLOYEE BENEFITS EXPENSE		
Salaries and Bonus	96,529	89,976
Contribution to Provident and Other Funds (Refer Note 26)	4,563	3,608
Share based Payments to Employees (Refer Note 29)	(78)	324
Staff Welfare Expenses	1,058	1,412
Reimbursement of Contractual Remuneration, net	798	556
Total	102,870	95,876
19 FINANCE COSTS		
Interest Expense for Lease Liabilities	19	39
Total	19	39
20 OTHER EXPENSES		
Rent (Refer Note 25)	2,074	1,904
Rates and Taxes	51	88
Insurance	769	770
Travelling and Conveyance	3,395	9,744
Recruitment Expenses	685	997
Communication	758	557
Power and Fuel	531	867
Outsourcing Charges	7,311	7,163
Software and Related Expenses	3,245	2,860
Purchase of Hardware and Software for Resale (including Support Charges)	461	576
Business Development Expenses	581	452
Repairs and Maintenance		
- Buildings	115	359
- Machinery	186	250
- Others	66	119
Legal, Professional and Consultancy Expenses	1,382	1,648
Doubtful and Bad Receivables	689	417
Property, Plant and Equipment Discarded, net	21	86
Auditor's Remuneration and Expenses (Refer Note 28)	38	40
Expenditure on Corporate Social Responsibility (Refer Note 22)	281	122
Training and Development	452	506
Bank Charges	85	79
Printing and Stationery	8	34
Miscellaneous Expenses	488	2,154
[Includes contributions under Section 182 of the Companies Act, 2013 aggregating ₹ Nil Lakhs (2020: ₹ 1500 Lakhs)]		
Total	23,672	31,792
21 TAX EXPENSES		
21 (a) Tax Expense Recognised in Statement of Profit and Loss		
Current Tax	15,125	6,900
[including tax on foreign branches ₹ 201 Lakhs (2020 - ₹ 130 Lakhs)]		
Charge / (Credits) related to previous years	300	(588)
	<u>15,425</u>	<u>6,312</u>
Deferred Tax Charge / (Credit)	(657)	264
Charge / (Credits) related to previous years	(300)	588
	<u>(957)</u>	<u>852</u>
Total	14,468	7,164
21 (b) Tax Expense Recognised in Other Comprehensive Income		
Deferred Tax Charge / (Credit)		
Arising on Remeasurement of Net Defined Benefit Liability	213	(90)
Total	213	(90)
21 (c) The reconciliation between the income tax expenses and amounts computed by applying the standard rate of income tax to profit before taxes is as follows:		
Profit before tax	59,247	26,633
Income tax expense calculated at 25.168% (2020- 25.168%)	14,911	6,703
Effects of:		
-Effect of tax relating to uncertain tax positions	-	85
-Effect of different tax rate on certain items	-	(114)
-Other differences	(443)	(102)
-Change in Tax Rates	-	592
Income Tax expenses recognised in Statement of Profit and Loss	14,468	7,164

22 Expenditure on Corporate Social Responsibility

- a) Gross amount required to be spent by the Company during the year ₹ 281 Lakhs (2020 - ₹ 122 Lakhs).
- b) Amount spent during the year in cash for purpose other than construction / acquisition of an asset ₹ 281 Lakhs (2020 - ₹ 122 Lakhs).

23 Commitments and Contingencies

- a) There are contracts remaining to be executed on capital account and not provided ₹ 106 Lakhs (2020 - ₹ 148 Lakhs).
- b) Claims against the Company not acknowledged as debts ₹ 1,059 Lakhs (2020 - ₹ 1,147 Lakhs). These comprise:
- Service tax claims disputed by the Company relating to issues of applicability aggregating ₹ 657 Lakhs (2020 - ₹ 618 Lakhs)
 - Income tax claims disputed by the Company relating to issues of applicability and determination aggregating ₹ 402 Lakhs (2020 - ₹ 529 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 ₹ 32 Lakhs (2020 - ₹ 32 Lakhs) has been deposited under protest and is included under Other Non-Current Assets. (Refer Note 11(a)).

24 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, 2021	31st March, 2020
(a) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year.		
Principal amount due	112	244
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.	-	-

25 Leases

The amount of ROU Asset and Lease Liabilities recognised in the Balance Sheet are disclosed in Note 2 and on the face of the Balance Sheet respectively. The total cash outflow for leases for the year is ₹ 2,382 Lakhs (2020 - ₹ 2,216 Lakhs) [including payments in respect of short-term leases aggregating ₹ 2,074 Lakhs (2020 - ₹ 1,904 Lakhs)].

26 Employee Benefits**Description of Plans****(a) Defined Contribution Plan**

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

Such amounts have been recognised under "Contribution to Provident and Other Funds" in Note 18 ₹ 2,997 Lakhs (2020 - ₹ 2,090 Lakhs).

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(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, end of service gratuity in UAE is unfunded and the pension plan is partly funded.

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

Risk Management

The defined benefit plans expose the Company to actuarial deficit arising out of investment risk, interest rate risk, salary cost inflation risk. These plans are not exposed to any unusual, entity specific or scheme specific risks but there are general risks. Investment risks may arise from volatility in asset values and

losses arising due to impairment of assets. The Scheme's accounting liabilities are calculated using a discount rate set with reference to the Government security yields. A decrease in yields will increase the fund liabilities, leading to accounting deficit in the funds. However, this may be partially offset by an increase in capital value of the scheme assets that have similar characteristics. Increase in salary due to adverse inflationary pressures might lead to higher liabilities.

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

The following table sets out the Defined Benefit Plans / Long-Term Compensated Absences as per Actuarial Valuation as on 31st March, 2021 and recognised in the financial statements in respect of Employee Benefit Schemes:

(₹ in Lakhs)

		For the year ended 31st March, 2021			For the year ended 31st March, 2020		
		Pension	Gratuity	Compensated absences	Pension	Gratuity	Compensated absences
		Partly Funded	Partly Funded	Unfunded	Partly Funded	Partly Funded	Unfunded
I	Components of Employer Expense						
-	Recognised in Profit or Loss						
1	Current Service Cost	109	907	777	211	788	672
2	Net Interest Cost	27	(14)	88	18	1	93
3	Total expense recognised in the Statement of Profit and Loss	136	893	865	229	789	765
-	Re-measurements recognised in Other Comprehensive Income						
4	(Return) on plan assets (excluding amounts included in Net interest cost)	(225)	(52)	-	61	(7)	-
5	Effect of changes in demographic assumptions	-	(14)	-	-	(14)	(2)
6	Effect of changes in financial assumptions	-	-	-	510	165	60
7	Effect of experience adjustments	(194)	(257)	(104)	35	(311)	(138)
8	Total re-measurements included in OCI	(419)	(323)	(104)	606	(167)	(80)
9	Total defined benefit cost recognised in Profit and Loss and Other Comprehensive Income (3+8)	(283)	570	761	835	622	685
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	447	290	-	183	242	-
III	Net (Asset)/Liability recognised in Balance Sheet						
1	Present Value of Defined Benefit Obligation	3,914	4,246	1,755	4,213	3,785	1,579
2	Obligation w.r.t Overseas branches			247	-	-	165
3	Fair Value of Plan Assets	(3,925)	(4,167)	-	(3,166)	(3,447)	-
4	Status [(Surplus)/Deficit]	(11)	79	2,002	1,047	338	1,744
5	Restrictions on Asset Recognised	-	-	-	-	-	-
6	Net (Asset)/Liability recognised in Balance Sheet						
		As at 31st March, 2021			As at 31st March, 2020		
		Current		Non-Current	Current		Non-Current
	- Pension	(273)		262	717		330
	- Gratuity	(73)		152	217		121
	- Compensated absences	1,005		997	451		1,294
IV	Change in Defined Benefit Obligation (DBO)						
1	Present Value of DBO at the beginning of the year	4,213	3,785	1,579	3,817	3,389	1,428
2	Current Service Cost	109	907	521	211	788	518
3	Interest Cost	250	224	88	263	237	93
4	Remeasurement gains / (losses):						
	Effect of changes in demographic assumptions	-	(14)	-	-	(14)	(2)
	Effect of changes in financial assumptions	-	-	-	510	165	60
	Changes in asset ceiling (excluding interest income)	-	-	-	-	-	-
	Effect of experience adjustments	(194)	(257)	(104)	35	(311)	(138)
5	Benefits Paid	(464)	(399)	(329)	(623)	(469)	(380)
6	Present Value of DBO at the end of the year	3,914	4,246	1,755	4,213	3,785	1,579
	Best Estimate of Employers' Expected Contribution for the next year	As at 31st March, 2021			As at 31st March, 2020		
	- Pension	574			111		
	- Gratuity	1,483			1,338		
	- Compensated Absences	520			518		

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

		For the year ended 31st March, 2021			For the year ended 31st March, 2020		
		Pension	Gratuity	Compensated absences	Pension	Gratuity	Compensated absences
		Partly Funded	Partly Funded	Unfunded	Partly Funded	Partly Funded	Unfunded
V	Change in Fair Value of Assets (for funded obligations)						
1	Plan Assets at the beginning of the year	3,166	3,447	-	3,355	2,841	-
2	Expected Return on Plan Assets	222	238	-	245	236	-
3	Remeasurement Gains/(Losses) on plan assets	225	52	-	(61)	7	-
4	Actual Company Contributions	776	829	-	158	791	-
5	Benefits Paid	(464)	(399)	-	(531)	(428)	-
6	Plan Assets at the end of the year	3,925	4,167	-	3,166	3,447	-

VI	Actuarial Assumptions	As at 31st March, 2021	As at 31st March, 2020
1	Discount Rate (%)	6.25%	6.25%
2	Expected Return on Plan Assets (%)	6.25%	6.25%
3	Long term rate of compensation increase	7.50%	7.50%

VII	The net liability disclosed in Pension relates to funded and unfunded plans as follows:	As at 31st March, 2021	As at 31st March, 2020
1	Present Value of Funded Obligation	3,650	3,881
2	Fair Value of Plan Assets	3,925	3,166
3	Deficit of Funded Plan	(275)	715
4	Unfunded Plan	264	332
5	Net Deficit	(11)	1,047

VIII	Major Category of Plan Assets as a % of the Total Plan Assets	As at 31st March, 2021	As at 31st March, 2020
1	Government Securities/Special Deposit with RBI	23%	26%
2	High Quality Corporate Bonds	11%	15%
3	Insurer Managed Funds*	54%	45%
4	Mutual Funds	4%	2%
5	Cash and Cash Equivalents	6%	9%
6	Term Deposits	2%	2%

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

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

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

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

(₹ in Lakhs)

		For the year ended 31st March, 2021			For the year ended 31st March, 2020		
		Pension	Gratuity	Compensated absences	Pension	Gratuity	Compensated absences
		Partly Funded	Partly Funded	Unfunded	Partly Funded	Partly Funded	Unfunded
X	Net Asset / (Liability) recognised in Balance Sheet (including experience adjustment impact)						
1	Present Value of Defined Benefit Obligation	3,914	4,246	1,755	4,213	3,785	1,579
2	Fair Value of Plan Assets	3,925	4,167	-	3,166	3,447	-
3	Status [Deficit / (Surplus)]	(11)	79	1,755	1,047	338	1,579
4	Experience Adjustment of Plan Assets [Gain/ (Loss)]	(225)	(52)	-	(61)	7	-
5	Experience Adjustment of obligation [(Gain)/ Loss]	(194)	(257)	(104)	35	(311)	(138)

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, 2021	DBO as at 31st March, 2020
	1	Discount Rate + 100 basis points	9,507	9,123
	2	Discount Rate - 100 basis points	10,356	10,074
	3	Long term Compensation Increase Rate + 1%	10,297	10,017
	4	Long term Compensation Increase Rate - 1%	9,554	9,166

		For the year ended 31st March, 2021 (₹ in Lakhs)	For the year ended 31st March, 2020 (₹ in Lakhs)
27 Earnings per share			
(a) Profit after Tax	₹ in Lakhs	44,779	19,469
(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)	₹	52.56	22.85

		For the year ended 31st March, 2021 (₹ in Lakhs)	For the year ended 31st March, 2020 (₹ in Lakhs)
28 Auditor's Remuneration and Expenses (Net of input tax credit)			
Audit Fees		21	21
Tax Audit Fees		2	2
Fees for Auditor's Certifications and Reports		13	13
Reimbursement of Expenses		2	4
Total		38	40

29(i) The eligible employees of the Group, including employees deputed from ITC Limited (ITC), have been granted by ITC:

- stock options under the ITC Employee Stock Option Schemes (ITC ESOS) and
- employee cash settled stock appreciation linked reward units (ESAR units) under the ITC Employee Cash Settled Stock Appreciation Linked Reward Plan (ITC ESAR plan) in accordance with the terms and conditions of such schemes, details of which are as under:

ITC ESOS:

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

ITC ESAR:

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

- The cost of stock options granted under ITC ESOS / ESAR units granted under ITC ESAR Plan have been recognised as equity settled / cash settled share based payments respectively in accordance with Ind AS 102 – Share Based Payment. In terms of the aforesaid arrangement, the Company accounts for the cost of the fair value of options / ESAR units granted to the eligible employees on receipt of advice / on - charge by ITC respectively as employee benefits expense. The fair value of the options / ESAR units granted is determined, using the Black Scholes Option Pricing model, by ITC for all the Optionees covered under ITC ESOS / ITC ESAR Plan as a whole. The cost of ITC ESOS is considered as capital contribution by ITC Limited, net of reimbursements, if any. The liability recognised for payments towards ITC ESAR Plan is presented under other financial liability.

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

Particulars	As at 31st March, 2021 No. of Options	As at 31st March, 2020 No. of Options
Outstanding at the beginning of the year	1,598,020	2,019,998
Add: Granted during the year	4,300	-
Less: Lapsed during the year	(248,550)	(112,460)
Add / (Less): Movement due to transfer of employees within the group	-	(66,148)
Less: Exercised during the year	(82,428)	(243,370)
Outstanding at the end of the year	1,271,342	1,598,020
Options exercisable at the end of the year	1,267,042	1,476,097

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

- In accordance with Ind AS 102, the Company has recognised an amount of ₹ (-)112 Lakhs (2020: ₹ 336 Lakhs) towards ITC ESOS and ₹ 34 Lakhs [2020: ₹ (-)12 Lakhs] towards ITC ESAR Plan (Refer Note 18). Such charge has been recognised as employee benefits expense.

Out of the above, ₹ 38 Lakhs (2020: ₹ 100 Lakhs) is attributable to key management personnel [Mr. R. Batra ₹ 32 Lakhs (2020: ₹ 37 Lakhs); Mr. A. Talwar ₹ Nil (2020: ₹ 23 Lakhs); Mr. V. Sreenivasan ₹ Nil Lakhs (2020: ₹ 28 Lakhs) and Mr. S.V. Shah ₹ 6 Lakhs (2020: ₹ 12 Lakhs)].

30 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

31 Categories of Financial Instruments

(₹ in Lakhs)

	As at 31st March, 2021		As at 31st March, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Measured at amortised cost				
Cash and Cash Equivalents	852	852	1,219	1,219
Other Bank Balances	10,000	10,000	-	-
Trade Receivables	17,897	17,897	23,095	23,095
Loans	3	3	6	4
Other Financial Assets	16,463	16,463	14,032	13,988
	45,215	45,215	38,352	38,307
Mandatorily measured at fair value through profit and loss (FVTPL)				
Investments in Mutual Funds	26,767	26,767	15,101	15,101
Foreign Currency Forward Contracts	60	60	129	129
	26,827	26,827	15,230	15,230
Total	72,042	72,042	53,582	53,537
Financial Liabilities				
Measured at amortised cost				
Trade Payables	5,977	5,977	5,701	5,701
Lease Liability	98	98	383	383
Other Financial Liabilities	11,457	11,192	9,422	9,357
	17,532	17,267	15,506	15,441
Measured at fair value through profit and loss (FVTPL)				
Foreign Currency Forward Contracts	50	50	412	412
	50	50	412	412
Total	17,582	17,317	15,918	15,853

32 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 (₹). 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, 2021	USD	GBP	EURO	Others	Total
Financial Assets	20,080	6,930	3,352	1,913	32,275
Financial Liabilities	682	2	400	770	1,854

As at 31st March, 2020	USD	GBP	EURO	Others	Total
Financial Assets	22,451	5,530	3,749	1,988	33,717
Financial Liabilities	785	3	405	1,132	2,325

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, 2021		31st March, 2020	
		Buy	Sell	Buy	Sell
GBP	USD	-	24	-	29
EUR	USD	-	13	-	21
USD	INR	-	223	-	175
AUD	USD	-	5	-	3

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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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 1% (2020 - 1%) in applicable foreign currency rates, holding all other variables constant. In the event the exchange rate fluctuates by +1%, the profit before tax for the year ended 31st March, 2021 and pre-tax total equity as at 31st March, 2021 will be higher by ₹ 304 Lakhs (2020 - ₹ 314 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, 2021 is ₹ 26,767 Lakhs (2020 - ₹ 15,101 Lakhs). Accordingly, these do not pose any significant price risk.

b) Liquidity Risk

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

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

(₹ in Lakhs)

As at 31st March, 2021 Contractual Cash flows*							
	Carrying value	Less than 3 months	More than 3 months up to 6 months	More than 6 months up to 1 year	More than 1 year up to 3 years	Beyond 3 years	Total
Trade Payables	5,977	5,977	-	-	-	-	5,977
Lease Liability	98	73	26	-	-	-	99
Other Financial Liabilities	11,507	1,305	8,857	5	1,331	9	11,507
Total	17,582	7,355	8,883	5	1,331	9	17,583
As at 31st March, 2020 Contractual Cash flows*							
	Carrying value	Less than 3 months	More than 3 months up to 6 months	More than 6 months up to 1 year	More than 1 year up to 3 years	Beyond 3 years	Total
Trade Payables	5,701	5,701	-	-	-	-	5,701
Lease Liability	383	78	78	147	99	-	402
Other Financial Liabilities	9,834	1,372	7,912	0	544	6	9,834
Total	15,918	7,151	7,990	147	643	6	15,937

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

c) Credit Risk

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

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

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

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

(₹ in Lakhs)

	As at 31st March, 2021	As at 31st March, 2020
Opening Balance	702	723
Effects of foreign exchange fluctuation	27	-
Add: Expected credit loss provisions made during the year	689	417
Less: Utilisation for Impairment / De-recognition	(174)	(249)
Less: Expected credit loss provision written back during the year	-	(189)
Closing Balance	1,244	702

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

(₹ in Lakhs)

	As at 31st March, 2021	As at 31st March, 2020
Overdue Period		
Less than 1 month	1,006	7,230
1 to 3 months	1,722	1,789
3 to 6 months	789	1,389
6 to 12 months	355	459
1 year to 2 years	(37)	55
2 years to 3 years	(58)	-
More than 3 years	(80)	(72)
Balances not yet due	14,200	12,245
Total	17,897	23,095

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. Deployment in fixed deposits are with highly rated banks and are held at amortised cost. Thus, counter party risk attached to such assets is considered to be insignificant.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The carrying amount of financial assets, net of loss allowance recognised 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, 2021 is ₹ 73,366 Lakhs (2020 - ₹ 53,289 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.

d 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 included 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 maximise the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

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

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

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

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

(₹ in Lakhs)

	Fair Value Hierarchy	Fair Value as at	
		31st March 2021	31st March 2020
Financial Assets			
Mandatorily Measured at Fair Value Through Profit and Loss (FVTPL)			
Investments in Mutual Funds	1	26,767	15,101
		26,767	15,101
Derivatives measured at fair value			
Foreign Currency Forward Contracts	2	60	129
		60	129
Total		26,827	15,230
Financial Liabilities			
Measured at amortized cost			
Other Financial Liabilities*	3	1,074	485
		1,074	485
Derivatives measured at fair value			
Foreign Currency Forward Contracts	2	50	412
		50	412
Total		1,124	897

* Represents Fair value of Non-current Financial Instruments

33 Transactions with subsidiaries of Tobacco Manufacturers (India) Limited's* ultimate parent company comprise sale of services ₹ 16,851 Lakhs (2020 – ₹ 11,437 Lakhs)

*of which the Holding Company is an associate

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, 2021	For the year ended 31st March, 2020
Segment Revenue		
India	53,295	48,419
North America	41,860	29,432
Europe	59,916	46,966
Middle East and Africa	22,653	23,651
Rest of the World	5,774	4,519
Total	183,498	152,987

(₹ in Lakhs)

	As at 31st March, 2021	As at 31st March, 2020
Non-Current Assets*		
India	6,104	7,863
Middle East and Africa	38	63
Total	6,142	7,926

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

35 RELATED PARTY DISCLOSURES

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

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

Wholly Owned Subsidiaries:

ITC Infotech Limited (UK)

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

(iv)	KEY MANAGEMENT PERSONNEL	
	Non-Executive Directors	Others (Members of Executive Management Committee)
	Mr. S. Puri - Chairman	Mr. S. Singh, Managing Director & CEO
	Mr. S. Sivakumar - Vice Chairman	Mr. R. Batra, Chief Financial Officer
	Mr. B. B. Chatterjee	Mr. S. V. Shah, Company Secretary
	Mr. P. Chatterjee	Ms. S. Burman
	Ms. S. Mukherjee (up to 30th July, 2020)	
	Mr. R. Tandon	
	Ms. P. Balaji (w.e.f. 30th October, 2020)	

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

Sl. No.	Description	Holding Company		Wholly Owned Subsidiaries				Fellow Subsidiaries	
		2021	2020	2021		2020		2021	2020
				ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.		
1	Sale of Goods / Services	16,717	17,397	24,124	41,740	19,002	28,990	401	395
2	Purchase of Goods / Services	36	77	-	-	-	-	-	-
3	Rent Paid	2,097	1,806	-	-	-	-	-	-
4	Reimbursement of Contractual Remuneration [includes remuneration to KMP ₹ 262 Lakhs (2020 ₹ 225 Lakhs)]	799	573	-	-	-	-	-	-
5	Recovery of Contractual Remuneration	2	17	-	-	-	-	-	-
6	Expenses Recovered	35	24	46	31	200	159	-	-
7	Expenses Reimbursed	454	857	29	-	118	-	-	-
8	Capital Contribution for Share Based Payments	(160)	490	-	-	-	-	-	-
9	Employee Share Based Payments	34	(12)	-	-	-	-	-	-
10	Reimbursement of Capital Contribution for Share Based Payments	-	-	10	(59)	94	61	-	-
11	Interim Dividend	27,690	10,011	-	-	-	-	-	-
12	Dividend Income	-	-	826	1,913	-	1,420	-	-

(₹ in Lakhs)

Sl. No.	Description	Associates of the Holding Company		Employee Trusts		Key Management Personnel	
		2021	2020	2021	2020	2021	2020
1	Sale of Goods / Services	256	282	-	-	-	-
2	Purchase of Goods / Services	1,248	2,397	-	-	-	-
3	Remuneration to Key Management Personnel (KMP)						
	(i) Directors	-	-	-	-	473	466
	(ii) Others	-	-	-	-	153	521
4	Contribution to Employees' Benefit Plans	-	-	1,557	949	-	-

(vi) DISCLOSURE OF OUTSTANDING BALANCES

(₹ in Lakhs)

Description	Holding Company		Wholly Owned Subsidiaries				Fellow Subsidiaries	
	2021	2020	2021		2020		2021	2020
			ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.		
Balances as at 31st March,								
i) Trade Receivables	115	189	2,502	1,334	5,119	2,861	203	233
ii) Trade Payables	84	364	214	-	186	-	-	-
iii) Other Payables	43	10	-	-	-	-	-	-

(₹ in Lakhs)

Description	Associates of the Holding Company		Employee Trusts	
	2021	2020	2021	2020
Balances as at 31st March,				
i) Trade Receivables	-	35	-	-
ii) Trade Payables	59	38	-	-
iii) Advances Given	-	-	386	-
iv) Other Payables	-	-	-	876

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	2021	2020	Related Party Transactions	2021*	2020*
Purchase of Goods / Services			Remuneration to Key Management Personnel (KMP)		
International Travel House Limited	1,248	2,397	Mr. S. Singh	473	466
			Mr. R. Batra	166	142
Contribution to Employees' Benefit Plans			Mr. S. Shah	96	83
ITC Management Staff Gratuity Fund	781	791	Mr. V. Sreenivasan (up to 10th October, 2019)	-	191
ITC Pension Fund	776	158	Mr. A. Talwar (up to 2nd October, 2019)	-	220
			Ms. S. Burman	153	110

* Includes provision for incentives, as applicable, which will get finalised subsequently.

(viii) INFORMATION REGARDING SIGNIFICANT BALANCES

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

(₹ in Lakhs)

Related Party Balances	2021	2020
Trade Payables		
International Travel House Limited	59	38
Advances Given		
ITC Management Staff Gratuity Fund	111	-
ITC Pension Fund	275	-
Other Payables		
ITC Management Staff Gratuity Fund	-	160
ITC Pension Fund	-	716

(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)

	2021	2020
Short-Term Employee Benefits	888	1,212
Others	4	3

*Post employment benefits are actuarially determined on overall basis, hence not separately available and not included above. Further, value of employee share based payments is not included above, refer note 29 for details..

(x) SIGNIFICANT TERMS AND CONDITIONS OF OUTSTANDING BALANCES

All outstanding balances are unsecured and are repayable in cash.

36 Subsequent Events

All events up to the date of the issue of financial statements have been considered.

37 Approval of Financial Statements

The financial statements were approved for issue by the Board of Directors on 4th May, 2021.

38 Comparatives

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

FORM AOC-1 (PURSUANT TO FIRST PROVISIO TO SUB-SECTION (3) OF SECTION 129 OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (ACCOUNTS) RULES, 2014) STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / ASSOCIATE COMPANIES / JOINT VENTURES PART A: SUBSIDIARIES			
(₹ in Lakhs)			
Sl. No.	1	2	3
1	ITC Infotech Limited (UK)	ITC Infotech (USA), Inc.	Indivate Inc. (Note 2)
2	19th June, 2001	24th May, 2001	18th November, 2016
3	Not Applicable	Not Applicable	Not Applicable
4	Reporting currency - GBP Exchange rate GBP 1 = ₹ 100.7525	Reporting currency - USD Exchange rate USD 1 = ₹ 73.1100	Reporting currency - USD Exchange rate USD 1 = ₹ 73.1100
5	691	13,306	73
6	5,933	3,828	10
7	13,258	25,552	176
8	13,258	25,552	176
9	-	-	-
10	48,523	78,911	313
11	1,121	2,479	16
12	213	601	-
13	909	1,878	16
14	864	1,863	-
15	100%	100%	100%
16			

Note 1: Turnover includes other income and other operating revenue

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

PART B: ASSOCIATES AND JOINT VENTURES – NOT APPLICABLE

On behalf of the Board

S. Singh
Managing Director
Bengaluru

R. Batra
Chief Financial Officer
Bengaluru

S. Sivakumar
Vice Chairman
Hyderabad

S. V. Shah
Company Secretary
St. Louis, USA

Date : 04 May, 2021