

Financial Statements and Auditor's Report

**Healthplan Services Inc.**

31 March 2018

## **Independent Auditor's Report**

**To the Members of Healthplan Services, Inc.**

### **Report on the Standalone Financial Statements**

1. We have audited the accompanying standalone financial statements of Healthplan Services, Inc. ('the Company'), which comprise the Balance Sheet as at 31 March 2018, 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 the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Standalone Financial Statements**

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

### **Auditor's Responsibility**

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing issued by ICAI. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these standalone financial statements.

### **Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date

### **Other matter**

9. This report is intended solely for the information of the Company's and its ultimate holding company's board of directors and members as a body and is not intended to be and should not be used by anyone other than specified parties. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, the company's and ultimate holding company's board of directors and members as a body, for our audit work, for this report, or for the opinions we have formed.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Sd/-**  
per **Sanjay Banthia**  
Partner  
Membership No.: 061068

Bengaluru  
18 June 2018

**Healthplan Services Inc.**  
**Balance Sheet as at 31 March 2018**  
(Amount in USD, unless otherwise stated)

	Notes	As at 31 March 2018	As at 31 March 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	30,649,361	40,730,674
Capital work-in-progress	3	9,045,106	-
Financial assets			
Other financial assets	4	71,269	1,369,924
Other non-current assets	5	1,770,361	1,528,337
Deferred tax asset		-	3,802,358
		<b>41,536,097</b>	<b>47,431,293</b>
<b>Current assets</b>			
Financial assets			
Trade receivables	6	15,537,758	19,572,268
Cash and cash equivalents	7	1,613,382	4,132,669
Unbilled revenue		6,862,858	11,643,495
Other financial assets	4	3,075	1,226,876
Other current assets	5	7,736,275	8,575,758
		<b>31,753,348</b>	<b>45,151,066</b>
		<b>73,289,445</b>	<b>92,582,359</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	8	73,667,964	500
Other equity		(82,330,952)	(62,652,416)
		<b>(8,662,988)</b>	<b>(62,651,916)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	9	369,748	2,848,087
		<b>369,748</b>	<b>2,848,087</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	9	30,834,672	17,223,839
Trade payables	10	32,517,973	113,876,149
Other financial liabilities	11	17,716,944	20,138,349
Unearned revenue		172,826	802,401
Current tax liabilities		340,270	345,450
		<b>81,582,685</b>	<b>152,386,188</b>
		<b>73,289,445</b>	<b>92,582,359</b>

Summary of significant accounting policies. 2

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

For and on behalf of the Board of Directors of Healthplan Services Inc.

Sd/-  
**N S Bala**  
Director

Sd/-  
**Ashish Chawla**  
Director

18 June 2018

18 June 2018

**Healthplan Services Inc.****Statement of Profit and Loss for the year ended 31 March 2018**

(Amount in USD, unless otherwise stated)

	Notes	Year ended 31 March 2018	Year ended 31 March 2017
<b>INCOME</b>			
Revenue from operations	12	170,648,808	243,238,144
<b>Total Income</b>		<b>170,648,808</b>	<b>243,238,144</b>
<b>EXPENSES</b>			
Employee benefits expense	13	86,924,033	116,136,613
Finance costs	14	1,075,714	940,660
Depreciation	3	13,961,940	16,044,632
Other expenses	15	84,563,299	119,611,288
<b>Total Expenses</b>		<b>186,524,986</b>	<b>252,733,193</b>
<b>(Loss) before tax</b>		<b>(15,876,178)</b>	<b>(9,495,049)</b>
<b>Tax expense:</b>			
Current tax		-	-
Deferred tax		3,802,358	(3,117,734)
<b>Total tax expense</b>		<b>3,802,358</b>	<b>(3,117,734)</b>
<b>(Loss) for the year</b>		<b>(19,678,536)</b>	<b>(6,377,315)</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive (loss) for the year, net of tax</b>		<b>(19,678,536)</b>	<b>(6,377,315)</b>
<b>(Loss) per equity share of par value USD 1 each</b>			
Basic and diluted	16	(0.27)	(12,754.63)
Summary of significant accounting policies	2		
The accompanying notes form an integral part of these financial statements.			

**For and on behalf of the Board of Directors of Healthplan Services Inc.****Sd/-**  
**N S Bala**  
Director**Sd/-**  
**Ashish Chawla**  
Director

18 June 2018

18 June 2018

**Healthplan Services Inc.**  
**Statement of Changes in Equity for the year ended 31 March 2018**  
(Amount in USD, unless otherwise stated)

<b>Equity share capital</b>	<b>Balance as at 01 April 2016</b>	<b>Changes in equity share capital during the year</b>	<b>Balance as at 31 March 2017</b>
Equity share capital of face value of USD 1 each	500	-	500
	<b>500</b>	<b>-</b>	<b>500</b>

<b>Equity share capital</b>	<b>Balance as at 01 April 2017</b>	<b>Changes in equity share capital during the year</b>	<b>Balance as at 31 March 2018</b>
Equity share capital of face value of USD 1 each	500	73,667,464	73,667,964
	<b>500</b>	<b>73,667,464</b>	<b>73,667,964</b>

<b>Other equity</b>	<b>Retained Earnings</b>	<b>Total</b>
<b>Balance as at 1 April 2016</b>	<b>(56,275,101)</b>	<b>(56,275,101)</b>
(Loss) for the period	(6,377,315)	(6,377,315)
<b>Balance as at 31 March 2017</b>	<b>(62,652,416)</b>	<b>(62,652,416)</b>
(Loss) for the period	(19,678,536)	(19,678,536)
<b>Balance as at 31 March 2018</b>	<b>(82,330,952)</b>	<b>(82,330,952)</b>

The accompanying notes form an integral part of the financial statements.

For and on behalf of the Board of Directors of Healthplan Services Inc.

Sd/-  
**N S Bala**  
Director

Sd/-  
**Ashish Chawla**  
Director

18 June 2018

18 June 2018

**Healthplan Services Inc.****Cash Flow Statement for the year ended 31 March 2018**

(Amount in USD, unless otherwise stated)

	Year ended 31 March 2018	Year ended 31 March 2017
<b>A. Cash flow from operating activities</b>		
Loss After tax	(19,678,536)	(6,377,315)
<b>Other Adjustments:</b>		
Depreciation	13,961,940	16,044,632
Tax expense	3,802,358	(3,117,734)
Provision for doubtful debts	(57,647)	383,338
Finance cost	1,075,714	940,660
<b>Operating (loss) / profit before working capital changes</b>	<b>(896,171)</b>	<b>7,873,581</b>
<b>Working capital changes:</b>		
Decrease in trade receivables	4,092,157	11,484,398
Decrease / (increase) in other current assets	7,900,552	(12,665,658)
(Decrease) in other liabilities and provisions	(10,672,356)	(17,053,788)
<b>Net cash generated from / (used in) operations</b>	<b>424,182</b>	<b>(10,361,466)</b>
Direct taxes paid	(5,180)	(1,109,812)
<b>Net cash generated from / (used in) operating activities</b>	<b>(A) 419,002</b>	<b>(11,471,279)</b>
<b>Cash flows from investing activities:</b>		
Purchase of property , plant and equipment (including capital WIP)	(12,925,733)	(14,616,011)
<b>Net cash (used in) investing activities</b>	<b>(B) (12,925,733)</b>	<b>(14,616,011)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from loan and borrowings	14,931,871	39,124,324.60
Repayment of loans and borrowings	(3,868,713)	(16,792,367)
Finance charges paid	(1,075,714)	(395,183)
<b>Net cash generated from financing activities</b>	<b>(C) 9,987,444</b>	<b>21,936,775</b>
<b>Net (decrease) in cash and Cash equivalents during the year (A+B+C)</b>	<b>(2,519,287)</b>	<b>(4,150,515)</b>
Effect of exchange rate changes on cash and cash equivalents	-	86,200
Cash and cash equivalents at the beginning of the year	4,132,669	8,196,984
<b>Cash and cash equivalents at the end of the year</b>	<b>1,613,382</b>	<b>4,132,669</b>
<b>Components of cash and cash equivalents:</b>		
Balances with banks		
In current accounts	1,612,802	4,131,819
Cash in Hand	580	850
	<b>1,613,382</b>	<b>4,132,669</b>

Summary of significant accounting policies

2

The accompanying notes form an integral part of the financial statements.

For and on behalf of the Board of Directors of Healthplan Services Inc.

Sd/-  
N S Bala  
DirectorSd/-  
Ashish Chawla  
Director

18 June 2018

18 June 2018

# Healthplan Services Inc.

## Summary of significant accounting policies and other explanatory information

(Amount in USD, unless otherwise stated)

### 1 Background

Healthplan Services Inc. is a subsidiary of HPH Holdings Corp. incorporated and domiciled in USA. The Company is provider of IT Services, including Business Process Services (BPS) services, globally and IT Products. The functional currency of the Company is USD and reported in the same currency for these financial statements.

### 2 Summary of significant accounting policies

#### a) Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), the provisions of the Companies Act, 2013 ("the Companies Act"). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statements have been prepared to append with the financial statements of the ultimate holding company, to comply with the provisions of Section 137 (1) of the Companies Act, 2013 ("the Act") in India.

#### b) Basis of preparation

The financial statements have been prepared on going concern basis under the historical cost basis except for certain financial assets and liabilities which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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 in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, 'Share-based Payment', leasing transactions that are within the scope of Ind AS 17, 'Leases', and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 'Inventories', or value in use in Ind AS 36 'Impairment of assets'.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

#### c) Use of estimates and judgment

The preparation of the financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from estimates.

The Company bases its estimates and assumptions on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.



## Healthplan Services Inc.

### Summary of significant accounting policies and other explanatory information

(Amount in USD, unless otherwise stated)

#### c) Use of estimates and judgment (cont'd)

##### Significant management judgements

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

##### *Fair value measurements*

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

##### *Critical judgements in applying accounting policies*

Provisions – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding warranties and guarantees. However the actual future outcome may be different from this judgment.

Recoverability of advances/receivables – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

Useful lives of depreciable/amortizable assets – Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software and other assets.

#### d) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

(i) An asset is classified as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

(ii) All other assets are classified as non-current.

(iii) A liability is classified as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

(iv) All other liabilities are classified as non-current.

(v) Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on nature of service and the time between acquisition of assets for development and their realisation in cash and cash equivalents, the group has ascertained its operating cycle as 12 months for the purpose of current and non current classification of assets and liabilities which pertains to the business.

#### e) Foreign currency

##### Foreign currency transactions

The Company is exposed to currency fluctuations on foreign currency transactions. Foreign currency transactions are accounted in the books of account at the exchange rates prevailing on the date of transaction. Monetary foreign currency assets and liabilities at period-end are translated at the exchange rate prevailing at the date of Balance Sheet. The exchange difference between the rate at which foreign currency transactions are accounted and the rate at which they are re-measured/ realized is recognized in the statement of profit and loss.

## Healthplan Services Inc.

### Summary of significant accounting policies and other explanatory information

(Amount in USD, unless otherwise stated)

#### e) Foreign currency (cont'd)

##### Functional and presentation currency

The financial statements are presented in USD which is also the functional and presentation currency of the Company. All amounts have been rounded-off to the nearest USD, unless otherwise indicated.

#### f) Equity

##### i) Share capital

Every holder of the equity shares, as reflected in the records of the Company as of the date of the shareholder meeting shall have one vote in respect of each share held for all matters submitted to vote in the shareholder

##### ii) Retained earnings

Retained earnings comprises of the Company's undistributed earnings after taxes.

##### iii) Other comprehensive income

Changes in the fair value of financial instruments measured at fair value through other comprehensive income and actuarial gains and losses on defined benefit plans are recognized in other comprehensive income (net of taxes), and presented within equity in other reserves.

#### g) Provisions and contingencies

##### Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

##### Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

##### Contingent assets

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

##### Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

#### h) Other income

Interest is recognized using the time proportion method, based on the rates implicit in the transaction.

#### i) Cash and cash equivalents

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

## Healthplan Services Inc.

### Summary of significant accounting policies and other explanatory information

(Amount in USD, unless otherwise stated)

#### j) Property, plant and equipment

##### *Recognition and measurement*

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset. General and specific borrowing costs directly attributable to the construction of a qualifying asset are capitalized as part of the cost.

##### *Depreciation*

The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are available for use. Assets acquired under finance lease and leasehold improvements are amortized over the shorter of estimated useful life of the asset or the related lease term. Term licenses are amortized over their respective contract term. Freehold land is not depreciated. The estimated useful life of assets are reviewed and where appropriate are adjusted, annually. The estimated useful lives of assets are as follows:

Category	Useful life
Buildings	28-40 years
Plant and machinery	5-21 years
Furniture and fixtures	3-10 years
Vehicle	4 to 5 years
Office equipments	3-10 years

##### **De-recognition**

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

#### k) Employee benefits

##### *Compensated absences*

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognizes accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non-accumulating compensated absences are recognized in the period in which the absences occur.

##### *Pension and social contribution*

Pension and social contribution plan, a defined contribution scheme, the Company makes monthly contributions based on a specified percentage of each covered employee's salary.

#### l) Finance and other income

Finance and other income comprises interest income on deposits, dividend income and gains / (losses) etc. Interest income is recognized using the effective interest method.

#### m) Operating lease

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in the statement of profit and loss on a straight-line basis over the lease term.

## Healthplan Services Inc.

### Summary of significant accounting policies and other explanatory information

(Amount in USD, unless otherwise stated)

#### n) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognized in the Statement of Profit and Loss in the period in which they are incurred.

The Company determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets, to the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset. In case if the Company borrows generally and uses the funds for obtaining a qualifying asset, borrowing costs eligible for capitalization are determined by applying a capitalization rate to the expenditures on that asset.

The Company suspends capitalization of borrowing costs during extended periods in which it suspends active development of a qualifying asset.

#### o) Revenue

The Company derives revenue primarily from software development, maintenance of software/hardware and related services, business process services, sale of IT and other products.

##### Services:

The Company recognizes revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. The method of recognizing the revenues and costs depends on the nature of the services rendered.

##### (i) Time and material contracts

Revenues and costs relating to time and material contracts are recognized as the related services are rendered.

##### ii) Fixed-price contracts

Revenues from fixed-price contracts, including systems development and integration contracts are recognized using the "percentage-of-completion" method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. If the Company does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognized only to the extent of contract cost incurred for which recoverability is probable. When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the statement of profit and loss in the period in which such losses become probable based on the current contract estimates.

##### iii) Products:

Revenue from sale of products is recognised when the significant risks and rewards of ownership has been transferred in accordance with the sales contract. Revenue from product sales is shown net of excise duty and net of sales tax separately charged and applicable discounts.

## Healthplan Services Inc. Summary of significant accounting policies and other explanatory information

(Amount in USD, unless otherwise stated)

### p) Financial Instruments

#### i) Financial assets

##### **Initial recognition and measurement**

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

##### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

##### *i. Debt instruments at amortised cost*

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

##### *ii. Debt instruments at Fair Value Through Other Comprehensive Income (FVTOCI);*

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of profit & loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of profit & loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

##### *iii. Debt instrument at Fair Value Through Profit and Loss (FVTPL)*

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit & loss.

##### *iv. Equity investments*

All equity investments in scope of Ind AS 109 Financial Instruments, are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 Business Combinations, applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit & loss.

## Healthplan Services Inc.

### Summary of significant accounting policies and other explanatory information

(Amount in USD, unless otherwise stated)

#### p) Financial Instruments (cont'd)

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### ii) Financial liabilities

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

##### *Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

##### *i. Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109 Financial Instruments.

##### *ii. Gains or losses on liabilities held for trading*

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

##### *iii. Financial guarantee contracts*

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss allowance determined as per impairment requirements of Ind AS 109 Financial Instruments and the amount recognised less cumulative amortisation.

## Healthplan Services Inc.

### Summary of significant accounting policies and other explanatory information

(Amount in USD, unless otherwise stated)

#### p) Financial Instruments (cont'd)

##### ***Derecognition of financial liabilities***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

##### **iii) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### q) Non-derivative financial instruments

Non derivative financial instruments consist of:

- i) financial assets, which include cash and cash equivalents, trade receivables, unbilled revenues, finance lease receivables, employee and other advances, investments in equity and debt securities and eligible current and non-current assets;
- ii) financial liabilities, which include long and short-term loans and borrowings, bank overdrafts, trade payables, eligible current and non-current liabilities

Non derivative financial instruments are recognized initially at fair value. Financial assets are derecognized when substantial risks and rewards of ownership of the financial asset have been transferred. In cases where substantial risks and rewards of ownership of the financial assets are neither transferred nor retained, financial assets are derecognized only when the Company has not retained control over the financial asset.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

##### **i) Cash and cash equivalents:**

The Company's cash and cash equivalents consist of cash on hand and in banks and demand deposits with banks, which can be withdrawn at any time, without prior notice or penalty on the principal.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand and are considered part of the Company's cash management system. In the statement of financial position, bank overdrafts are presented under borrowings within current liabilities.

##### **ii) Other financial assets**

Other financial assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. These are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any impairment losses. These comprise trade receivables, unbilled revenues, cash and cash equivalents and other assets.

##### **iii) Trade and other payables**

Trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method. For these financial instruments, the carrying amounts approximate fair value due to the short term maturity of these instruments.

#### r) Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the twelve month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in the statement of profit and loss.

## **Healthplan Services Inc.**

### **Summary of significant accounting policies and other explanatory information**

(Amount in USD, unless otherwise stated)

#### **s) Impairment of non-financial assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit and loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **t) Income tax**

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to a business combination, or items directly recognized in equity or in other comprehensive income.

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted as at the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and liability simultaneously.

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognized to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and foreign branches where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.



## Healthplan Services Inc.

### Summary of significant accounting policies and other explanatory information

(Amount in USD, unless otherwise stated)

#### t) Income tax (cont'd)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Company offsets deferred income tax assets and liabilities, where it has a legally enforceable right to offset current tax assets against current tax liabilities, and they relate to taxes levied by the same taxation authority on either the same taxable entity, or on different taxable entities where there is an intention to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

#### u) Earnings per share

Basic EPS are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period, using the treasury stock method for options and warrants, except where the results would be antidilutive.

#### v) Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

#### w) Standards issued but not yet effective

Information on new standards, amendments and interpretations that are expected to be relevant to the financial statements is provided below. Ind AS 115 'Revenue from Contracts with Customers' (Ind AS 115). There is one new standard notified by MCA for revenue recognition which overhauls the existing revenue recognition standards including Ind AS 18 – Revenue and Ind AS 11 – Construction contracts. The new standard provides a control-based revenue recognition model and provides a five step application principle to be followed for revenue recognition:

- i. Identification of the contracts with the customer
- ii. Identification of the performance obligations in the contract
- iii. Determination of the transaction price
- iv. Allocation of transaction price to the performance obligations in the contract (as identified in step ii)
- v. Recognition of revenue when the Company satisfies a performance obligation.

The effective date of the new standard is for annual reporting periods beginning on or after 1 April 2018 as notified by the MCA. The management is yet to assess the impact of this new standard on the Company's financial statements.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration.

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The management is yet to assess the impact of this appendix on the Company's financial statements.

**Healthplan Services Inc.****Summary of significant accounting policies and other explanatory information**

(Amount in USD, unless otherwise stated)

**3 Property, plant and equipment**

	Building	Plant and machinery	Furniture and fixtures	Vehicle	Office equipment	Total
<b>Gross block (at cost)</b>						
Balance as at 01 April 2016	2,660,834	84,559,092	1,996,081	38,043	2,086,090	91,340,140
Additions	441,612	15,560,371	206,185	22,243	35,784	16,266,195
<b>Balance as at 31 March 2017</b>	<b>3,102,446</b>	<b>100,119,463</b>	<b>2,202,266</b>	<b>60,286</b>	<b>2,121,874</b>	<b>107,606,335</b>
Additions	-	3,880,627	-	-	-	3,880,627
<b>Balance as at 31 March 2018</b>	<b>3,102,446</b>	<b>104,000,090</b>	<b>2,202,266</b>	<b>60,286</b>	<b>2,121,874</b>	<b>111,486,962</b>
<b>Accumulated depreciation</b>						
Balance as at 01 April 2016	1,361,428	46,582,759	840,747	18,315	2,027,780	50,831,029
Depreciation charge	298,616	15,489,894	229,864	10,554	15,704	16,044,632
<b>Balance as at 31 March 2017</b>	<b>1,660,044</b>	<b>62,072,653</b>	<b>1,070,611</b>	<b>28,869</b>	<b>2,043,484</b>	<b>66,875,661</b>
Depreciation charge	314,891	13,059,661	549,413	17,779	20,196	13,961,940
<b>Balance as at 31 March 2018</b>	<b>1,974,935</b>	<b>75,132,314</b>	<b>1,620,024</b>	<b>46,648</b>	<b>2,063,680</b>	<b>80,837,601</b>
<b>Net block</b>						
Balance as at 31 March 2017	1,442,402	38,046,810	1,131,655	31,417	78,390	40,730,674
Balance as at 31 March 2018	1,127,511	28,867,776	582,242	13,638	58,194	30,649,361
<b>Capital work-in-progress</b>						
Balance as at 31 March 2017						-
Balance as at 31 March 2018						9,045,106

*(This space has been intentionally left blank)*

**Healthplan Services Inc.****Summary of significant accounting policies and other explanatory information**

(Amount in USD, unless otherwise stated)

	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>
<b>4 Other financial asset</b>		
<b>Non-current</b>		
Security deposit	71,269	71,269
Others	-	1,298,655
	<b>71,269</b>	<b>1,369,924</b>
<b>Current</b>		
Employee advances	3,075	-
Other financial assets	-	1,226,876
	<b>3,075</b>	<b>1,226,876</b>
	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>
<b>5 Other assets</b>		
<b>Non-current</b>		
Prepaid expenses	1,770,361	1,528,337
	<b>1,770,361</b>	<b>1,528,337</b>
<b>Current</b>		
Prepaid expenses	6,133,915	7,745,861
Employees travel and other advances	34,821	-
Advance to suppliers	127,986	829,897
Others	1,439,553	-
	<b>7,736,275</b>	<b>8,575,758</b>
	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>
<b>6 Trade receivables</b>		
<i>Unsecured</i>		
Considered good	15,537,758	19,572,268
Considered doubtful	838,698	896,345
	<b>16,376,456</b>	<b>20,468,613</b>
Less: Provision for doubtful debts	(838,698)	(896,345)
	<b>15,537,758</b>	<b>19,572,268</b>
	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>
<b>7 Cash and cash equivalents</b>		
Balances with banks		
- In current accounts	1,612,802	4,131,819
Cash in hand	580	850
	<b>1,613,382</b>	<b>4,132,669</b>

*(This space has been intentionally left blank)*

## Healthplan Services Inc.

### Summary of significant accounting policies and other explanatory information

(Amount in USD, unless otherwise stated)

	As at 31 March 2018	As at 31 March 2017
<b>8 Share capital</b>		
<b>Authorised Capital</b>		
73,667,964 [2017:500] equity shares of Face value USD 1 each	73,667,964	500
	<b>73,667,964</b>	<b>500</b>
<b>Issued, subscribed and paid-up capital</b>		
73,667,964 [2017:500] equity shares of Face value USD 1 each	73,667,964	500
	<b>73,667,964</b>	<b>500</b>

**a) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:**

	Number	Number
Number of equity shares outstanding as at beginning of the year	500	500
Number of equity shares issued during the year	73,667,464	-
Number of equity shares outstanding as at end of the year	<b>73,667,964</b>	<b>500</b>

**b) Details of shareholders having more than 5% of the total equity shares of the company**

	Number	Number
<b>Name of shareholders</b>		
HPH holding corporation (2018:100%, 2017: 100%)	73,667,964	500
	<b>73,667,964</b>	<b>500</b>

**c) Terms / Rights attached to equity shares**

The Company has only one class of equity shares having a par value of USD 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in US dollars. The dividend proposed by the Board of Directors is subject to shareholders approval in the ensuing Annual General Meeting. In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any, in proportion to the number of equity shares held by the shareholders.

**d)** There has been no issue of bonus shares or issue of shares for consideration other than cash or share buy back during five years immediately preceding 31 March 2018.

	As at 31 March 2018	As at 31 March 2017
<b>9 Borrowings</b>		
<b>Non-current</b>		
<i>Unsecured</i>		
Obligation under finance lease	369,748	2,848,087
	<b>369,748</b>	<b>2,848,087</b>
<b>Current</b>		
<i>Unsecured</i>		
Term loans	10,045,554	5,000,000
Loan from related parties (refer note 18)	20,789,118	12,223,839
	<b>30,834,672</b>	<b>17,223,839</b>

## Healthplan Services Inc.

### Summary of significant accounting policies and other explanatory information

(Amount in USD, unless otherwise stated)

#### Borrowings (cont'd)

##### Finance lease payable

The company has taken equipments on Finance Lease, the present value of obligation is disclosed below:

Minimum Lease payments as of	As at 31 March 2018	As at 31 March 2017
Not later than 1 year	3,008,881	4,619,258
Later than 1 year not later than 5 years	373,516	2,936,605
	3,382,397	7,555,862
Less: Amount representing interest payable	91,829	396,581
Present value of minimum lease payments	<b>3,290,568</b>	<b>7,159,281</b>

##### Present value of minimum lease payment paybles is as follows

	As at 31 March 2018	As at 31 March 2017
Not later than one year	2,927,193	4,376,809
Later than one year but not later than five years	363,375	2,782,472
	<b>3,290,568</b>	<b>7,159,281</b>
Included in the financial statements as follows		
- Non-current financial lease payables	369,748	2,848,087
- Current financial lease payables	2,920,820	4,311,195

#### Notes to borrowings:-

Sl.No	Particulars	Nature of security	Repayment details	31 March 2018	31 March 2017
<b>Term loans from banks</b>					
1	CITI bank line of Credit	Unsecured	Repayble on Demand	10,045,554	5,000,000
		Effective rate of interest per annum		LIBOR + 0.75%	LIBOR + 0.75%
				<b>10,045,554</b>	<b>5,000,000</b>
<b>Term loans from related parties</b>					
1	Loan from Wipro IT services Inc.	Unsecured	Repayble on 04.09.2018	4,187,875	4,021,442
		Effective rate of interest per annum		LIBOR + 2%	LIBOR + 2%
2	Opus Capital Markets consultants LLC	Unsecured	Repayble on 31.12.2020	3,163,563	3,075,443
		Effective rate of interest per annum		LIBOR + 2%	LIBOR + 2%
3	Wipro LLC	Unsecured	Repayble on 31.12.2018	5,351,521	5,126,954
		Effective rate of interest per annum		LIBOR + 2%	LIBOR + 2%
4	Wipro Data center and Clous services Inc.	Unsecured	Repayble on 28.09.2018	8,086,159	-
		Effective rate of interest per annum		LIBOR + 2%	0.00%
	<b>Total</b>			<b>20,789,118</b>	<b>12,223,839</b>

## Healthplan Services Inc.

### Summary of significant accounting policies and other explanatory information

(Amount in USD, unless otherwise stated)

	As at 31 March 2018	As at 31 March 2017
<b>10 Trade payables</b>		
Dues to others	1,700,208	10,206,556
Accrued expenses	13,567,150	19,393,461
Dues to related parties (refer note 22)	17,250,615	84,276,132
	<b>32,517,973</b>	<b>113,876,149</b>
<b>11 Other financial liabilities</b>		
Salary payable	7,811,557	6,182,881
Current maturities of long-term debt	1,321,038	-
Current maturities of finance lease obligations	2,920,820	4,311,195
Others	2,362,824	2,929,192
Accrued interest	91,829	396,582
Book overdraft	3,208,876	6,318,499
	<b>17,716,944</b>	<b>20,138,349</b>
<b>12 Revenue from operations</b>		
Sale of services*	170,648,808	243,238,144
*Includes related party transactions (refer note 18)	<b>170,648,808</b>	<b>243,238,144</b>
<b>13 Employee benefits expense</b>		
Salaries and wages	86,870,626	115,797,189
Staff welfare expense	53,407	339,424
	<b>86,924,033</b>	<b>116,136,613</b>
<b>14 Finance costs</b>		
Interest expense	1,075,714	940,660
	<b>1,075,714</b>	<b>940,660</b>
<b>15 Other expenses</b>		
Sub contracting / technical fees (refer note 18)	49,881,512	68,853,522
Rent	5,909,711	6,240,705
Travel	968,445	1,473,055
Rates and taxes	1,195,419	607,956
Communication	3,532,274	3,945,844
Promotion expense	57,726	255,777
Legal and professional fees	6,982,042	13,473,272
Provision for doubtful debts	(57,647)	383,338
Auditors' remuneration	573,696	956,656
Insurance	732,478	1,125,448
Repairs and maintenance	12,338,814	17,142,164
Staff recruitment	199,663	1,987,332
Miscellaneous expenses	2,249,166	3,166,219
	<b>84,563,299</b>	<b>119,611,288</b>

## Healthplan Services Inc.

### Summary of significant accounting policies and other explanatory information

(Amount in USD, unless otherwise stated)

16 Earnings per share:	Year ended 31 March 2018	Year ended 31 March 2017
Net (loss) after tax attributable to the equity shareholders	(19,678,536)	(6,377,315)
Weighted average number of equity shares outstanding during the year	73,667,964	500
(Loss) per equity share of par value of USD 1 each		
Basic and diluted	(0.27)	(12,754.63)

#### 17 Financial instruments

##### Financial instruments by category

The carrying value and fair value of financial instruments by categories as at 31 March 2018 were as follows :

Particulars	Note	FVTPL	FVTOCI	Amortized cost	Total carrying value	Total fair value
<b>Financial assets :</b>						
Other financial assets	4	-	-	74,344	74,344	74,344
Trade receivables	6	-	-	15,537,758	15,537,758	15,537,758
Cash and cash equivalents	7	-	-	1,613,382	1,613,382	1,613,382
Unbilled revenue		-	-	6,862,858	6,862,858	6,862,858
<b>Total financial assets</b>		-	-	<b>24,088,342</b>	<b>24,088,342</b>	<b>24,088,342</b>
<b>Financial liabilities :</b>						
Borrowings	9	-	-	31,204,420	31,204,420	31,204,420
Trade payables	10	-	-	32,517,973	32,517,973	32,517,973
Other financial liabilities	11	-	-	17,716,944	17,716,944	17,716,944
Unearned revenue		-	-	172,826	172,826	172,826
<b>Total financial liabilities</b>		-	-	<b>81,612,163</b>	<b>81,612,163</b>	<b>81,612,163</b>

The carrying value and fair value of financial instruments by categories as at 31 March 2017 were as follows :

Particulars	Note	FVTPL	FVTOCI	Amortized cost	Total carrying value	Total fair value
<b>Financial assets :</b>						
Other financial assets	4	-	-	2,596,800	2,596,800	2,596,800
Trade receivables	6	-	-	19,572,268	19,572,268	19,572,268
Unbilled revenue		-	-	11,643,495	11,643,495	11,643,495
Cash and cash equivalents	7	-	-	4,132,669	4,132,669	4,132,669
<b>Total financial assets</b>		-	-	<b>37,945,232</b>	<b>37,945,232</b>	<b>37,945,232</b>
<b>Financial liabilities :</b>						
Borrowings	9	-	-	20,071,926	20,071,926	20,071,926
Trade payables	10	-	-	113,876,149	113,876,149	113,876,149
Other financial liabilities	11	-	-	20,138,349	20,138,349	20,138,349
<b>Total financial liabilities</b>		-	-	<b>154,086,423</b>	<b>154,086,423</b>	<b>154,086,423</b>

##### Notes to financial instruments

- i. The management assessed that the fair value of cash and cash equivalents, trade receivables, loans, other financial assets, trade payables, borrowings and other financial liabilities approximate the carrying amount largely due to short-term maturity of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

##### ii. Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either

Level 3: unobservable inputs for the asset or liability.

## Healthplan Services Inc.

### Summary of significant accounting policies and other explanatory information

(Amount in USD, unless otherwise stated)

#### 18 Related party disclosure

##### a) Related parties:

Name of the related party	Relationship with the Company
Wipro Limited	Ultimate Holding Company
Wipro IT services Inc.	Holding Company
HPH Holdings Corp.	Immediate holding company
Healthplan Services Insurance Agency Inc.	Fellow Subsidiary
Wipro LLC	Fellow Subsidiary
Wipro Data center and Cloud services Inc.	Fellow Subsidiary
Wipro Travel Services Limited	Fellow Subsidiary
Opus Capital Markets consultants LLC	Fellow Subsidiary

##### b) The following are the related parties transactions during the year

Particulars	Relationship	Year ended 31 March 2018	Year ended 31 March 2017
<b>Sale of service</b>			
Wipro LLC	Fellow Subsidiary	816,780	
<b>Sub contracting / technical fees / third party</b>			
Wipro Limited	Ultimate Holding	9,252,773	2,921,783
Wipro Data center and Cloud services Inc.	Fellow Subsidiary	6,039,932	-
<b>Interest on Inter company loan</b>			
Opus Capital Markets consultants LLC	Fellow Subsidiary	88,120	83,457
Wipro IT Services Inc.	Fellow Subsidiary	166,433	135,559
Wipro LLC	Fellow Subsidiary	224,567	98,834
Wipro Data center and Clouds Services Inc.	Fellow Subsidiary	86,158	-

##### c) The following are the balances payable and receivable to related parties

Particulars	Relationship	Year ended 31 March 2018	Year ended 31 March 2017
<b>Payable</b>			
Wipro Limited	Ultimate Holding	4,885,635	5,185,549
Wipro LLC	Fellow Subsidiary	5,351,521	5,126,954
Wipro IT Services Inc.	Fellow Subsidiary	4,187,875	4,021,442
Wipro Data center and Cloud services Inc.	Fellow Subsidiary	19,736,930	8,760,899
Opus Capital Markets consultants LLC	Fellow Subsidiary	3,163,563	-
Healthplan Services Insurance Agency Inc.	Fellow Subsidiary	359,325	21,449,443
Wipro Travel Services Limited	Fellow Subsidiary	374	-
HPH Holdings Corp	Immediate holding	354,401	52,218,032
Infocrossing Inc.	Fellow Subsidiary	110.00	-



## Healthplan Services Inc.

### Summary of significant accounting policies and other explanatory information

(Amount in USD, unless otherwise stated)

#### 19 Effective Tax Rate (ETR) reconciliation

	As at 31 March 2018	As at 31 March 2017
Income tax expense in the statement of profit and loss comprises of:		
Current tax	-	-
Deferred tax	3,802,358	(3,117,734)
	<u>3,802,358</u>	<u>(3,117,734)</u>

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized as below:

	Year ended 31 March 2018	Year ended 31 March 2017
(Loss) before taxes	(15,876,178)	(9,495,049)
Enacted income tax rate	28%	35%
Computed expected tax expense	(4,445,330)	(3,323,267)
Permanent differences	368,805	-
Deferred tax assets written off during the current year	8,228,973	-
Others, net	(350,090)	205,533
<b>Total income tax expense</b>	<u><b>3,802,358</b></u>	<u><b>(3,117,734)</b></u>

#### 20 Financial risk management

##### a) Interest rate risk

The Company's variable rate borrowing is subject to interest rate. Below is the overall exposure of the borrowing:

Particulars	31 March 2018	31 March 2017
Variable Rate Borrowing	35,364,586	23,542,338
Fixed Rate Borrowing	-	-
	<u>35,364,586</u>	<u>-</u>

##### Interest rate Risk

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	31 March 2018	31 March 2017
Interest rates – increase by 50 basis points (50)	176,823	117,712
Interest rates – decrease by 50 basis points (50)	(176,823)	(117,712)

##### b) Credit risk

Credit risk arises from cash and cash equivalents, trade receivables, investments carried at amortised cost and deposits with banks and financial institutions. The finance function of the company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. A default on a financial asset is when the counterparty fails to make contractual payments when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

## Healthplan Services Inc.

### Summary of significant accounting policies and other explanatory information

(Amount in USD, unless otherwise stated)

#### c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual payments:

<b>As at 31 March 2018</b>	<b>Less than 1 year</b>	<b>1 year to 5 years</b>	<b>More than 5 years</b>
financial liabilities			
Trade Payables	32,517,973	-	-
Borrowings	35,446,278	369,748	-
Other financial liabilities	10,266,210	-	-
	<b>78,230,461</b>	<b>369,748</b>	-

  

<b>As at 31 March 2017</b>	<b>Less than 1 year</b>	<b>1 year to 5 years</b>	<b>More than 5 years</b>
financial liabilities			
Trade Payables	6,628,425	-	-
Borrowings	24,383,120	2,848,087	-
Other financial liabilities	9,508,655	-	-
	<b>40,520,200</b>	<b>2,848,087</b>	-

#### 21 Capital management

For the purpose of the Company's capital management, capital includes issued capital, additional paid in capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt as below:

Equity includes equity share capital and all other equity components, which attributable to the equity holders  
-Net debt includes trade payables and other Financial Liabilities, less cash and cash equivalents.

<b>Particulars</b>	<b>Note</b>	<b>As at</b>	<b>As at</b>
		<b>31 March 2018</b>	<b>31 March 2017</b>
Borrowings	Financial liabilities	35,446,278	24,383,120
Less: Cash and cash equivalents	Financial assets	(1,613,382)	(4,132,669)
<b>Net Debt</b>		<b>33,832,896</b>	<b>20,250,451</b>
Equity share capital	Equity	73,667,964	500
Other equity	Equity	(82,330,952)	(62,652,416)
<b>Total capital</b>		<b>(8,662,988)</b>	<b>(62,651,916)</b>
<b>Gearing Ratio</b>		(3.91)	(0.32)

## Healthplan Services Inc.

### Summary of significant accounting policies and other explanatory information

(Amount in USD, unless otherwise stated)

#### 21 Capital management (cont'd)

In order to achieve the objective of maximising shareholders value, the Company's capital management, amongst other things, aims to manage its capital structure and makes adjustments in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the current and previous years.

#### 22 Operating leases

The Company has taken a lease, office facilities under non-cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and lessee. Rental payments under such lease during the year are \$5,909,711 (31 March 2017: \$6,240,705).

	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>
Not later than 1 year	4,577,756	5,909,711
Later than 1 year but not later than 5 years	13,833,970	18,411,726
	<b>18,411,726</b>	<b>24,321,437</b>

23 In view of carry forward losses under tax laws, no deferred tax asset is recognised as at 31 March 2018 on account of lack of reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

#### 24 Prior Period Comparatives

Figures for the previous year have been regrouped/reclassified wherever necessary to correspond with the current year's classification / disclosure.

---

For and on behalf of the Board of Directors of Healthplan Services Inc.

**N S Bala**  
Director

**Ashish Chawla**  
Director

18 June 2018

18 June 2018