

Financial Statements and Auditor's Report

**Healthplan Services Insurance Agency, Inc.**

31 March 2018

## **Independent Auditor's Report**

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

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

1. We have audited the accompanying standalone financial statements of Healthplan Services Insurance Agency, 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 profit (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 Insurance Agency, Inc.**  
**Balance Sheet as at 31 March 2018**

(Amount in USD unless otherwise stated)

	Note	As at 31 March 2018	As at 31 March 2017
<b>ASSETS</b>			
<b>Current assets</b>			
Financial assets			
Trade receivables	3	3,59,325	2,14,49,433
		<u>3,59,325</u>	<u>2,14,49,433</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	4	1,000	1,000
Other equity		(3,10,137)	2,08,99,053
		<u>(3,09,137)</u>	<u>2,09,00,053</u>
<b>Non Current liabilities</b>			
Deferred tax liabilities		5,84,943	4,65,861
		<u>5,84,943</u>	<u>4,65,861</u>
<b>Current liabilities</b>			
Current tax liabilities (net)	5	83,519	83,519
		<u>83,519</u>	<u>83,519</u>
		<u>3,59,325</u>	<u>2,14,49,433</u>
Summary of significant accounting policies and other explanatory information	2		

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

**For and on behalf of the Board of Directors of Healthplan Services Insurance Agency, Inc.**

Sd/-  
**Ashish Chawla**  
 Director

18 June 2018

Sd/-  
**N S Bala**  
 Director

18 June 2018

**Healthplan Services Insurance Agency Inc.**  
**Statement of Income for the year ended 31 March 2018**

(Amount in USD unless otherwise stated)

	Note	Year ended 31 March 2018	Year ended 31 March 2017
<b>REVENUE</b>			
Revenue from operations	6	51,89,168	82,46,294
Other income		-	-
		<b>51,89,168</b>	<b>82,46,294</b>
<b>EXPENSES</b>			
Employee benefit expenses	7	24,80,691	28,10,720
Other expenses	8	23,49,152	34,67,289
		<b>48,29,843</b>	<b>62,78,009</b>
<b>Profit before tax</b>		3,59,325	19,68,285
<b>Tax expense</b>	11		
Current tax		-	-
Deferred tax		1,19,082	4,92,414
<b>Total Tax expense</b>		<b>1,19,082</b>	<b>4,92,414</b>
<b>Profit for the year</b>		<b>2,40,243</b>	<b>14,75,871</b>
Other Comprehensive Income		-	-
<b>Total other comprehensive income for the year, net of tax</b>		<b>2,40,243</b>	<b>14,75,871</b>
<b>Earnings per equity share of par value USD 0.01 each</b>	9		
Basic and Diluted		2.40	14.76
Summary of significant accounting policies and other explanatory information	2		

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

Sd/-  
**Ashish Chawla**  
 Director

18 June 2018

Sd/-  
**N S Bala**  
 Director

18 June 2018

**Healthplan Services Insurance Agency, 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>Cash flow from operating activities</b>		
Profit for the period	2,40,243	14,75,871
<b>Other Adjustments:</b>		
Tax expense	1,19,082	4,92,414
<b>Operating profit before working capital changes</b>	<b>3,59,325</b>	<b>19,68,285</b>
<b>Working capital changes:</b>		
Decrease/ (increase) in trade receivables	2,10,90,108	(19,68,285)
<b>Net cash generated from operations</b>	<b>2,14,49,433</b>	-
Direct taxes (paid)	-	-
<b>Net cash generated from operating activities (A)</b>	<b>2,14,49,433</b>	-
<b>Net cash from investing activities (B)</b>		
<b>Cash flows from financing activities:</b>		
Dividend paid	(2,14,49,433)	
<b>Net cash (used in) by financing activities (C)</b>	<b>(2,14,49,433)</b>	-
<b>Net decrease in cash and Cash equivalents during the period (A)</b>	-	-
Cash and cash equivalents at the beginning of the period	-	-
<b>Cash and cash equivalents at the end of the year</b>	-	-

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

**For and on behalf of the Board of Directors of Healthplan Services Insurance Agency, Inc.**

Sd/-  
**Ashish Chawla**  
 Director

18 June 2018

Sd/-  
**N S Bala**  
 Director

18 June 2018

**Healthplan Services Insurance Agency, Inc.**  
**Statement of Changes in Equity for the year ended 31 March 2018**

(Amount in USD unless otherwise stated)

**Equity Share Capital**

Equity share capital	Balance as at 01 April 2016	Changes in equity share capital during the year	Balance as at 31 March 2017
Equity share capital of face value of USD 1 each	1,000	-	1,000
	<b>1,000</b>	<b>-</b>	<b>1,000</b>

Equity share capital	Balance as at 01 April 2017	Changes in equity share capital during the year	Balance as at 31 March 2018
Equity share capital of face value of USD 1 each	1,000	-	1,000
	<b>1,000</b>	<b>-</b>	<b>1,000</b>

**Other equity**

	Securities Premium	Retained Earnings	Total
<b>Balance as at 1 April 2016</b>	<b>15,35,352</b>	<b>1,78,87,830</b>	<b>1,94,23,182</b>
Profit for the period	-	14,75,871	14,75,871
<b>Balance as at 31 March 2017</b>	<b>15,35,352</b>	<b>1,93,63,701</b>	<b>2,08,99,053</b>
(Loss) for the period	-	2,40,243	2,40,243
Dividend paid	-	(2,14,49,433)	(2,14,49,433)
<b>Balance as at 31 March 2018</b>	<b>15,35,352</b>	<b>(18,45,489)</b>	<b>(3,10,137)</b>

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

**For and on behalf of the Board of Directors of Healthplan Services Insurance Agency, Inc.**

Sd/-  
**Ashish Chawla**  
 Director

18 June 2018

Sd/-  
**N S Bala**  
 Director

18 June 2018

# Healthplan Services Insurance Agency, Inc.

## Summary of significant accounting policies and other informations

(Amount in USD unless otherwise stated)

### 1 Background

Healthplan Services Insurance Agency Inc. incorporated and domiciled in USA is a 100% subsidiary of HPH Holdings Corp. The Company is provider of IT Services, including Business Process Services (BPS) services, globally and IT Products. . The Company's ultimate holding company, Wipro Limited ("Wipro") is incorporated and domiciled in India. These financial statements have been prepared and audited to attach with the accounts of the holding company, to comply with the provisions of the Companies Act, 2013.

### 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 of financial statements

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 Insurance Agency, Inc.

## Summary of significant accounting policies and other informations

(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. (also refer point y for further details)

#### *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.

#### Significant estimates in applying accounting policies

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.

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 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.

### 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.

#### Functional and presentation currency

The financial statements are presented in United States Dollad ('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.

# Healthplan Services Insurance Agency, Inc.

## Summary of significant accounting policies and other informations

(Amount in USD unless otherwise stated)

### f) Employee benefits

Expenses and liabilities in respect of employee benefits are recognised in the financial statements in accordance with Ind AS 19, Employee Benefits.

### g) 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 meeting.

#### 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.

### h) 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. Revenue is recognised when it is probable that the economic benefits will flow to the group entity and it can be reliably measured, which co-incides with entering into a legal binding agreement. Revenue is measured at fair value of the consideration received or receivable net of rebates and taxes.

#### Services:

##### a. Time and material contracts

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.

##### b. 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.

'Unbilled revenues' represent cost and earnings in excess of billings as at the end of the reporting period.

'Unearned revenues' represent billing in excess of revenue recognized. Advance payments received from customers for which no services have been rendered are presented as 'Advance from customers'.

#### Other income:

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

### i) Finance and other income

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

### j) 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.

# Healthplan Services Insurance Agency, Inc.

## Summary of significant accounting policies and other informations

(Amount in USD unless otherwise stated)

### j) Financial instruments (cont'd)

#### **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 and interest (SPPI) on the principal amount outstanding.

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.

#### **De-recognition of financial assets**

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.

## Healthplan Services Insurance Agency, Inc.

### Summary of significant accounting policies and other informations

(Amount in USD unless otherwise stated)

#### j) **De-recognition of financial assets (cont'd)**

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 appropriate.

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.

##### **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.

## Healthplan Services Insurance Agency, Inc.

### Summary of significant accounting policies and other informations

(Amount in USD unless otherwise stated)

#### j) Financial instruments (cont'd)

##### 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:

##### 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.

#### k) 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.

#### l) 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.

# Healthplan Services Insurance Agency, Inc.

## Summary of significant accounting policies and other informations

(Amount in USD unless otherwise stated)

### **l) Income tax (cont'd)**

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.

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.

### **m) 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.

### **n) 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.

### **o) 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.

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## Healthplan Services Insurance Agency, Inc.

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

(Amount in USD unless otherwise stated)

	<u>As at</u> <u>31 March 2018</u>	<u>As at</u> <u>31 March 2017</u>
<b>3 Trade receivables</b>		
<i>Unsecured</i>		
With group Companies - Considered good	3,59,325	2,14,49,433
	<b>3,59,325</b>	<b>2,14,49,433</b>

	<u>As at</u> <u>31 March 2018</u>	<u>As at</u> <u>31 March 2017</u>
<b>4 Share capital</b>		
<b>Authorised Capital</b>		
100,000 [2017: 100,000] equity shares of USD 0.01 par value	1,000	1,000
	<b>1,000</b>	<b>1,000</b>
<b>Issued, subscribed and paid-up capital</b>		
100,000 [2017: 100,000] equity shares of USD 0.01 par value	1,000	1,000
	<b>1,000</b>	<b>1,000</b>

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

	<u>Number</u>	<u>Number</u>
Number of equity shares outstanding as at beginning of the year	1,00,000	1,00,000
Number of equity shares issued during the year	-	-
Number of equity shares outstanding as at end of the year	<b>1,00,000</b>	<b>1,00,000</b>

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

	<u>Number</u>	<u>Number</u>
<b>Name of shareholders</b>		
Healthplan Holding Corp.	1,00,000	1,00,000
	<b>1,00,000</b>	<b>1,00,000</b>

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

The Company has only one class of equity shares having a par value of USD 0.01 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in USD. 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.**

## Healthplan Services Insurance Agency, 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>5 Current tax liabilities (net)</b>		
Provision for tax (net of advance tax)	83,519	83,519
	<b>83,519</b>	<b>83,519</b>
	Year ended 31 March 2018	Year ended 31 March 2017
<b>6 Revenue from operations</b>		
Sale of services	51,89,168	82,46,294
	<b>51,89,168</b>	<b>82,46,294</b>
	Year ended 31 March 2018	Year ended 31 March 2017
<b>7 Employee benefit expenses</b>		
Salaries and wages	22,44,392	28,05,561
Staff welfare expenses	2,36,299	5,159
	<b>24,80,691</b>	<b>28,10,720</b>
	Year ended 31 March 2018	Year ended 31 March 2017
<b>8 Other expenses</b>		
Sub contracting / technical fees	32,784	52,165
Rates and taxes	26,319	7,258
Communication	13,874	15,916
Advertisement and sales promotion	3,265	12,803
Bad debts	51,432	-
Insurance	67,447	1,38,181
AMC for software & hardware	5,25,271	4,52,006
Rent	2,11,369	1,63,541
Sales Commission	14,12,295	24,52,686
Staff recruitment	5,096	267
Other general & administrative expenses	-	1,72,466
	<b>23,49,152</b>	<b>34,67,289</b>
	Year ended 31 March 2018	Year ended 31 March 2017
<b>9 Earnings per share:</b>		
Net profit after tax attributable to the equity shareholders	2,40,243	14,75,871
Weighted average number of equity shares outstanding during the year	1,00,000	1,00,000
Earnings per equity share of par value USD 0.01 each		
Basic and diluted	2.40	14.76

# Healthplan Services Insurance Agency, Inc.

## Summary of significant accounting policies and other explanatory information

(Amount in USD unless otherwise stated)

### 10 Related party disclosure

#### a) Parties where control exists:

Name of the related party	Relationship with the Company
Wipro Limited	Ultimate holding company
HPH Holdings Corp.	Holding company
Healthplan Services Inc.	Fellow Subsidiary

#### b) The following is the related party transaction during the year

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>Dividend paid</b>		
HPH Holdings Corp.	2,14,49,433	-

#### c) The following is the balance receivable from related parties

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>Receivable</b>		
Healthplan Service Inc.	3,59,325	2,14,49,433

### 11 Effective Tax Rate (ETR) reconciliation

Income tax expense in statement of profit and loss comprises of -

	Year ended 31 March 2018	Year ended 31 March 2017
Current tax	-	-
Deferred tax	1,19,082	-
	<b>1,19,082</b>	<b>-</b>

The reconciliation between provision of income tax and amounts computed by applying the statutory income tax rate applicable to (loss)/ profit before taxes is as follows

	Year ended 31 March 2018	Year ended 31 March 2017
(Loss)/ Profit before taxes	3,59,325	19,68,285
Enacted income tax rate	28%	35%
Computed expected tax expense	1,00,611	6,88,900
Permanent difference	(1,00,611)	(1,96,486)
On account of change in enacted tax rate	1,19,082	-
Others, net	-	-
<b>Tax expense as per financials</b>	<b>1,19,082</b>	<b>4,92,414</b>

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## Healthplan Services Insurance Agency, Inc.

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

(Amount in USD unless otherwise stated)

#### 12 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>						
Trade receivables	3	-	-	3,59,325	3,59,325	3,59,325
<b>Total financial assets</b>		<b>-</b>	<b>-</b>	<b>3,59,325</b>	<b>3,59,325</b>	<b>3,59,325</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>						
Trade receivables	3	-	-	2,14,49,433	2,14,49,433	2,14,49,433
<b>Total financial assets</b>		<b>-</b>	<b>-</b>	<b>2,14,49,433</b>	<b>2,14,49,433</b>	<b>2,14,49,433</b>

##### Notes to financial instruments

- i. The management assessed that the fair value of trade receivables approximate the carrying amount largely due to short-term maturity of these instruments.

The fair value of the financial asset 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.

The Company has measured investments in equity shares of subsidiaries and joint ventures at the deemed cost. The Company has considered the carrying amount under previous GAAP as the deemed cost.

##### 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 identical assets and liabilities.

**Level 2:** inputs other than quoted prices 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).

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

##### Measurement of fair value of financial instruments

The Company's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialist for complex valuations, wherever necessary. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximizing the use of market-based information.

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## Healthplan Services Insurance Agency, Inc.

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

(Amount in USD unless otherwise stated)

#### 13 Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement
Credit risk	Cash and cash equivalent, trade receivables, financial assets measured at amortized cost	Ageing analysis

The Company's risk management is carried out by a central treasury department (of the group) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

#### A Credit risk

Credit risk arises from trade receivables, carried at amortized cost

Credit risk management

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.

#### 14 Events occurring after the reporting date

No adjusting or significant non-adjusting events have occurred between 31 March 2018 and the date of authorization of these standalone financial statements.

#### 15 Comparatives

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

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**For and on behalf of the Board of Directors of Healthplan Services Insurance Agency, Inc.**

Sd/-

**Ashish Chawla**

Director

18 June 2018

Sd/-

**N S Bala**

Director

18 June 2018