

Financial Statements and Independent Auditor's Report

**Healthplan Services Insurance Agency, Inc**

31 March 2019

## **Independent Auditor's Report**

**To the board of directors of Healthplan Services Insurance Agency Inc.**

### **Opinion**

1. We have audited the accompanying financial statements of Healthplan Services Insurance Agency Inc. ('the Company'), which comprise the Balance Sheet as at 31 March 2019, 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.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Companies Act, 2013 ('the Act'), of the state of affairs of the Company as at 31 March 2019, and its profit, its cash flows and the changes in equity for the year ended on that date.
3. We conducted our audit in accordance with the Standards on Auditing issued by Institute of Chartered Accountants of India ('ICAI'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the ICAI and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management for the Financial Statements**

4. The Company's Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, profit, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records for safeguarding of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
5. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

6. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing issued by ICAI will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
7. As part of an audit in accordance with Standards on Auditing issued by ICAI, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
8. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Restriction on distribution or use**

9. This report is intended solely for the information of the Company's and its ultimate holding company's board of directors for their internal use and accordingly, should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Further, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

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

**Sd/-**  
**Nikhil Vaid**  
Partner  
Membership No.: 213356

**Place:** Hyderabad  
**Date:** 16 June 2019

# Healthplan Services Insurance Agency, Inc

## Balance Sheet as at 31 March 2019

(Amount are in USD, unless otherwise stated)

	Notes	As at 31 March 2019	As at 31 March 2018
<b>ASSETS</b>			
<b>Current assets</b>			
Trade receivables	3	1,256,534	359,325
		<b>1,256,534</b>	<b>359,325</b>
<b>TOTAL ASSETS</b>			
		<b>1,256,534</b>	<b>359,325</b>
<b>EQUITY</b>			
Share capital	4	1,000	1,000
Other equity		1,172,215	(310,137)
		<b>1,173,215</b>	<b>(309,137)</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		-	584,943
		-	<b>584,943</b>
<b>Current liabilities</b>			
Current tax liabilities	5	83,319	83,519
		<b>83,319</b>	<b>83,519</b>
		<b>1,256,534</b>	<b>359,325</b>
Summary of significant accounting policies	2		

The accompanying notes form an integral part of this financial statement

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

Sd/-  
Ashish Chawla  
Director

16 June 2019

Sd/-  
N S Bala  
Director

16 June 2019

**Healthplan Services Insurance Agency Inc.**  
**Statement of Profit and Loss for the year ended 31 March 2019**  
(Amount are in USD, unless otherwise stated)

	Notes	Year ended 31 March 2019	Year ended 31 March 2018
<b>REVENUE</b>			
Revenue from operations	6	5,043,158	5,189,168
		<b>5,043,158</b>	<b>5,189,168</b>
<b>EXPENSES</b>			
Employee benefits expense	7	1,581,657	2,480,691
Other expenses	8	2,564,091	2,349,152
		<b>4,145,748</b>	<b>4,829,843</b>
<b>Profit/Loss before tax</b>		897,410	359,325
<b>Tax expense</b>			
Current tax		-	-
Deferred tax		(584,943)	119,082
<b>Tax tax expense</b>		<b>(584,943)</b>	<b>119,082</b>
<b>Profit for the period</b>		<b>1,482,353</b>	<b>240,243</b>
<b>Total comprehensive income for the period</b>		<b>1,482,353</b>	<b>240,243</b>
<b>Earnings per equity share</b>			
(Equity shares of par value \$ 0.01 each)	9		
Basic		14.82	2.40
Diluted		14.82	2.40
<b>Summary of significant accounting policies</b>	2		

The accompanying notes form an integral part of this financial statement

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

Sd/-  
**Ashish Chawla**  
Director

16 June 2019

Sd/-  
**N S Bala**  
Director

16 June 2019

**Healthplan Services Insurance Agency, Inc.**  
**Cash Flow Statement for the year ended 31 March 2019**

(Amount in USD, unless otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>Cash flow from operating activities</b>		
Profit for the period	1,482,353	240,243
<b>Other Adjustments:</b>		
Tax expense	(584,943)	119,082
<b>Operating profit before working capital changes</b>	<b>897,410</b>	<b>359,325</b>
<b>Working capital changes:</b>		
(increase) / Decrease in trade receivables	(897,210)	21,090,108
<b>Net cash generated from operations</b>	<b>200</b>	<b>21,449,433</b>
Direct taxes (paid)	(200)	-
<b>Net cash generated from operating activities (A)</b>	<b>(0)</b>	<b>21,449,433</b>
<b>Net cash from investing activities (B)</b>		
<b>Cash flows from financing activities:</b>		
Dividend paid	-	(21,449,433)
<b>Net cash (used in) by financing activities (C)</b>	<b>-</b>	<b>(21,449,433)</b>
<b>Net decrease in cash and Cash equivalents during the period (A+B+C)</b>	<b>(0)</b>	<b>(0)</b>
Cash and cash equivalents at the beginning of the period	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>(0)</b>	<b>(0)</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

16 June 2019

Sd/-

**N S Bala**

Director

16 June 2019

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

(Amount in USD, unless otherwise stated)

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

  

Particulars	Balance as at 01 April 2018	Changes in equity share capital during the year	Balance as at 31 March 2019
Equity share capital	1,000	-	1,000
	<b>1,000</b>	<b>-</b>	<b>1,000</b>

  

	Other equity		Total
	Share premium	Retained Earnings	
<b>Balance as at 31 March 2017</b>	<b>1,535,352</b>	<b>19,363,701</b>	<b>20,899,053</b>
Profit for the period	-	240,243	<b>240,243</b>
Dividend paid	-	(21,449,433)	(21,449,433)
<b>Balance as at 31 March 2018</b>	<b>1,535,352</b>	<b>(1,845,489)</b>	<b>(310,137)</b>
Profit for the period	-	1,482,353	1,482,353
Dividend paid	-	-	-
<b>Balance as at 31 March 2019</b>	<b>1,535,352</b>	<b>(363,136)</b>	<b>1,172,216</b>

The accompanying notes are 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

16 June 2019

Sd/-  
**N S Bala**  
 Director

16 June 2019



# Healthplan Services Insurance Agency Inc.

## Summary of significant accounting policies and other explanatory information

(Amount in USD, unless otherwise stated)

### 1. The Company overview

Healthplan Services Insurance Agency Inc. ("HPSIA" or the "Company"), is a subsidiary of Healthplan Services Inc.

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. Basis of preparation of financial statements

#### (i) Statement of compliance and basis of preparation

These financial statements are prepared in conformity with accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 ('the Act').

#### (ii) Basis of measurement

These financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items which have been measured at fair value as required by relevant Ind AS:

- a) Derivative financial instruments;
- b) Financial instruments classified as fair value through other comprehensive income or fair value through profit or loss; and
- c) The defined benefit asset/(liability) is recognised as the present value of defined benefit obligation less fair value of plan assets.

#### (iii) Use of estimates and judgment

The preparation of the financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

- a) **Revenue recognition:** The Company applies judgement to determine whether each product or services promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised product or services are combined and accounted as a single performance obligation. The Company allocates the arrangement consideration to separately identifiable performance obligation deliverables based on their relative stand-alone selling price. In cases where the Company is unable to determine the stand-alone selling price the company uses expected cost-plus margin approach in estimating the stand-alone selling price. The Company uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labor costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, revenue recognised, profit and timing of revenue for remaining performance obligations are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable. Volume discounts are recorded as a reduction of revenue. When the amount of discount varies with the levels of revenue, volume discount is recorded based on estimate of future revenue from the customer.

## Healthplan Services Insurance Agency Inc.

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

(Amount in USD, unless otherwise stated)

- b) **Impairment testing:** Investments in subsidiaries, goodwill and intangible assets are tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or the cash generating unit to which these pertain is less than its carrying value. The recoverable amount of the asset or the cash generating units is higher of value in use and fair value less cost of disposal. The calculation of value in use of a cash generating unit involves use of significant estimates and assumptions which includes turnover, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.
- c) **Income taxes:** The major tax jurisdictions for the Company are India and the United States of America. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.
- d) **Deferred taxes:** Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.
- e) **Defined benefit plans and compensated absences:** The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligations are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.
- f) **Expected credit losses on financial assets:** The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's history of collections, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.
- g) **Measurement of fair value of non-marketable equity investments:** These instruments are initially recorded at cost and subsequently measured at fair value. Fair value of investments is determined using the market and income approaches. The market approach includes the use of financial metrics and ratios of comparable companies, such as revenue, earnings, comparable performance multiples, recent financial rounds and the level of marketability of the investments. The selection of comparable companies requires management judgment and is based on a number of factors, including comparable company sizes, growth rates and development stages. The income approach includes the use of discounted cash flow model, which requires significant estimates regarding the investees' revenue, costs, and discount rates based on the risk profile of comparable companies. Estimates of revenue and costs are developed using available historical and forecast data.
- h) **Useful lives of property, plant and equipment:** The Company depreciates property, plant and equipment on a straight-line basis over estimated useful lives of the assets. The charge in respect of periodic depreciation is derived based on an estimate of an asset's expected useful life and the expected residual value at the end of its life. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The estimated useful life is reviewed at least annually.

## Healthplan Services Insurance Agency Inc.

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

(Amount in USD, unless otherwise stated)

- i) **Useful lives of intangible assets:** The Company amortizes intangible assets on a straight-line basis over estimated useful lives of the assets. The useful life is estimated based on a number of factors including the effects of obsolescence, demand, competition and other economic factors such as the stability of the industry and known technological advances and the level of maintenance expenditures required to obtain the expected future cash flows from the assets. The estimated useful life is reviewed at least annually
- j) **Other estimates:** The share-based compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest. Fair valuation of derivative hedging instruments designated as cash flow hedges involves significant estimates relating to the occurrence of forecast transaction

### 3. Significant accounting policies

#### (i) Functional and presentation currency

These financial statements are presented in USD, which is the functional currency of the Company.

#### (ii) Foreign currency transactions and translation

Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at the exchange rates prevailing at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit and loss and reported within foreign exchange gains/(losses), net, within results of operating activities except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Gains/(losses), net, relating to translation or settlement of borrowings denominated in foreign currency are reported within finance expense. Non-monetary assets and liabilities denominated in foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Translation differences on non-monetary financial assets measured at fair value at the reporting date, such as equities classified as financial instruments measured at fair value through other comprehensive income are included in other comprehensive income, net of taxes.

#### (iii) Financial instruments

##### a) Non-derivative financial instruments:

Non-derivative financial instruments consist of:

- financial assets, which include cash and cash equivalents, trade receivables, unbilled receivables, finance lease receivables, employee and other advances, investments in equity and debt securities and eligible current and non-current assets; Financial assets are derecognised 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 derecognised only when the Company has not retained control over the financial asset.
- 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 recognised initially at fair value.

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

#### A. 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.

## **Healthplan Services Insurance Agency Inc.**

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

(Amount in USD, unless otherwise stated)

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 balance sheet, bank overdrafts are presented under borrowings within current liabilities.

#### B. Investments

##### *Financial instruments measured at amortised cost:*

Debt instruments that meet the following criteria are measured at amortised cost (except for debt instruments that are designated at fair value through Profit or Loss (FVTPL) on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

##### *Financial instruments measured at fair value through other comprehensive income (FVTOCI):*

Debt instruments that meet the following criteria are measured at fair value through other comprehensive income (FVTOCI) (except for debt instruments that are designated at fair value through Profit or Loss (FVTPL) on initial recognition)

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial asset; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Interest income is recognised in statement of profit and loss for FVTOCI debt instruments. Other changes in fair value of FVTOCI financial assets are recognised in other comprehensive income. When the investment is disposed of, the cumulative gain or loss previously accumulated in reserves is transferred to statement of profit and loss.

##### *Financial instruments measured at fair value through profit or loss (FVTPL):*

Instruments that do not meet the amortised cost or FVTOCI criteria are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in statement of profit and loss. The gain or loss on disposal is recognised in statement of profit and loss.

Interest income is recognised in statement of profit and loss for FVTPL debt instruments. Dividend on financial assets at FVTPL is recognised when the Company's right to receive dividend is established.

##### *Investments in equity instruments designated to be classified as FVTOCI:*

The Company carries certain equity instruments which are not held for trading. The Company has elected the FVTOCI irrevocable option for these instruments. Movements in fair value of these investments are recognised in other comprehensive income and the gain or loss is not reclassified to statement of profit and loss on disposal of these investments. Dividends from these investments are recognised in statement of profit and loss when the Company's right to receive dividends is established.

##### *Investments in subsidiaries:*

Investment in subsidiaries are measured at cost less impairment.

# Healthplan Services Insurance Agency Inc.

## Summary of significant accounting policies and other explanatory information

(Amount in USD, unless otherwise stated)

### C. 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 recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses. These comprise trade receivables, unbilled receivables and other assets.

### D. Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised 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.

### b) **Derivative financial instruments**

The Company is exposed to foreign currency fluctuations on foreign currency assets, liabilities, net investment in foreign operations and forecasted cash flows denominated in foreign currency.

The Company limits the effect of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into derivative financial instruments where the counterparty is primarily a bank.

Derivatives are recognised and measured at fair value. Attributable transaction costs are recognised in statement of profit and loss as cost.

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

#### A. Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised in other comprehensive income and held in cash flow hedging reserve, net of taxes, a component of equity, to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the statement of profit and loss and reported within foreign exchange gains/(losses), net, within results from operating activities. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the statement of profit and loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, such cumulative balance is immediately recognised in the statement of profit and loss.

#### B. Others

Changes in fair value of foreign currency derivative instruments not designated as cash flow hedges are recognised in the statement of profit and loss and reported within foreign exchange gains/(losses), net within results from operating activities.

Changes in fair value and gains/(losses), net, on settlement of foreign currency derivative instruments relating to borrowings, which have not been designated as hedges are recorded in finance expense.

### c) **Derecognition of financial instruments**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. If the Company retains substantially all the risks and rewards of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a borrowing for the proceeds received. A financial liability (or a part of a financial liability) is derecognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

# Healthplan Services Insurance Agency Inc.

## Summary of significant accounting policies and other explanatory information

(Amount in USD, unless otherwise stated)

### (iv) Equity

#### a) Share capital and securities premium reserve

The authorised share capital of the Company as at March 31, 2019 is \$ 1000 divided into 100,000 equity shares of \$ .01 each. Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as securities premium.

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.

#### b) Retained earnings

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

#### c) Other reserves

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 recognised in other comprehensive income (net of taxes) and presented within equity as other reserves.

### (v) Property, plant and equipment

#### a) 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 capitalised as part of the cost.

#### b) 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 amortised over the shorter of estimated useful life of the asset or the related lease term. Term licenses are amortised over their respective contract term. Freehold land is not depreciated. The estimated useful life of assets is reviewed and where appropriate are adjusted, annually. The estimated useful lives of assets are as follows:

<u>Category</u>	<u>Useful life</u>
Buildings	28 to 40 years
Plant and machinery	5 to 21 years
Computer equipment and software	2 to 7 years
Furniture, fixtures and equipment	3 to 10 years
Vehicles	4 to 5 years

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

Deposits and advances paid towards the acquisition of property, plant and equipment outstanding as at each reporting date and the cost of property, plant and equipment not available for use before such date are disclosed under capital work- in-progress.

# Healthplan Services Insurance Agency Inc.

## Summary of significant accounting policies and other explanatory information

(Amount in USD, unless otherwise stated)

### (vi) Business combination, Goodwill and Intangible assets

#### a) Business combination

Business combinations are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the date of exchange by the Company. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. Transaction costs incurred in connection with a business acquisition are expensed as incurred.

The cost of an acquisition also includes the fair value of any contingent consideration measured as at the date of acquisition. Any subsequent changes to the fair value of contingent consideration classified as liabilities, other than measurement period adjustments, are recognised in the statement of profit and loss.

#### Common Control business combinations

The Company accounts for business combinations involving entities or businesses under common control using the pooling of interests method. The assets and liabilities of the combining entities are reflected at their carrying amounts. The identity of the reserves shall be preserved and shall appear in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor. The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor shall be transferred to capital reserve and should be presented separately as Common Control Transactions Capital reserve.

#### b) Goodwill

The excess of the cost of an acquisition over the Company's share in the fair value of the acquiree's identifiable assets and liabilities is recognised as goodwill. If the excess is negative, a bargain purchase gain is recognised in equity as capital reserve. Goodwill is measured at cost less accumulated impairment (if any).

Goodwill associated with the disposal of an operation that is part of cash-generating unit is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained, unless the entity can demonstrate that some other method better reflects the goodwill associated with the operation disposed of.

#### c) Intangible assets

Intangible assets acquired separately are measured at cost of acquisition. Intangible assets acquired in a business combination are measured at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

The amortization of an intangible asset with a finite useful life reflects the manner in which the economic benefit is expected to be generated.

## Healthplan Services Insurance Agency Inc.

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

(Amount in USD, unless otherwise stated)

The estimated useful life of amortisable intangibles is reviewed and where appropriate are adjusted, annually. The estimated useful lives of the amortisable intangible assets for the current and comparative periods are as follows:

Category	Useful life
Customer related intangibles	5 to 10 years
Marketing related intangibles	3 to 5 years

Goodwill and intangible assets, if any, associated with an operation disposed shall be measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained, unless the entity can demonstrate that some other method better reflects the goodwill associated with the operation disposed of.

#### (vii) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is, or contains a lease if, fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

##### a) Arrangements where the Company is the lessee

Leases of property, plant and equipment, where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at lower of the fair value of the leased property and the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

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

##### b) Arrangements where the Company is the lessor

In certain arrangements, the Company recognises revenue from the sale of products given under finance leases. The Company records gross finance receivables, unearned income and the estimated residual value of the leased equipment on consummation of such leases. Unearned income represents the excess of the gross finance lease receivable plus the estimated residual value over the sales price of the equipment. The Company recognises unearned income as finance income over the lease term using the effective interest method.

#### (viii) Inventories

Inventories are valued at lower of cost and net realisable value, including necessary provision for obsolescence. Cost is determined using the weighted average method.



## Healthplan Services Insurance Agency Inc.

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

(Amount in USD, unless otherwise stated)

#### (ix) Impairment

##### A) Financial assets

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortised cost, debt instruments classified as FVTOCI, lease receivables, trade receivables, lease receivables, contract assets and other financial assets. Expected credit loss is the difference between the contractual cash flows and the cash flows that the entity expects to receive discounted using effective interest rate.

Loss allowances for trade receivables, contract assets and lease receivables are measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. Lifetime expected credit loss is computed based on a provision matrix which takes in to the account risk profiling of customers and historical credit loss experience adjusted for forward looking information. For other financial assets, expected credit loss is measured at the amount equal to twelve months expected credit loss unless there has been a significant increase in credit risk from initial recognition, in which case those are measured at lifetime expected credit loss.

##### B) Impairment of Investment in subsidiaries

The Company assesses investments in subsidiaries for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If any such indication exists, the Company estimates the recoverable amount of the investment in subsidiary. The recoverable amount of such investment is the higher of its fair value less cost of disposal (FVLCD) and its value-in-use (VIU). The VIU of the investment is calculated using projected future cash flows. If the recoverable amount of the investment is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss.

##### C) Non - financial assets

The Company assesses long-lived assets such as property, plant and equipment and acquired intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. If any such indication exists, the Company estimates the recoverable amount of the asset or group of assets. The recoverable amount of an asset or cash generating unit is the higher of its fair value less cost of disposal (FVLCD) and its value-in-use (VIU). The VIU of long-lived assets is calculated using projected future cash flows. FVLCD of a cash generating unit is computed using turnover and earnings multiples. If the recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the reporting date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment losses previously recognised are reversed such that the asset is recognised at its recoverable amount but not exceeding written down value which would have been reported if the impairment losses had not been recognised initially.

Goodwill is tested for impairment at least annually at the same time and when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The goodwill impairment test is performed at the level of cash-generating unit or groups of cash-generating units which represent the lowest level at which goodwill is monitored for internal management purposes. An impairment in respect of goodwill is not reversed.

# Healthplan Services Insurance Agency Inc.

## Summary of significant accounting policies and other explanatory information

(Amount in USD, unless otherwise stated)

### (x) Employee benefits

#### a) Post-employment and pension plans

The Company participates in various employee benefit plans. Pensions and other post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks are borne by the employee. The expenditure for defined contribution plans is recognised as an expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks are borne by the Company. The present value of the defined benefit obligations is calculated by an independent actuary using the projected unit credit method.

Re-measurement comprising actuarial gains or losses and the return on plan assets (excluding interest) are immediately recognised in other comprehensive income, net of taxes and permanently excluded from profit or loss. Instead net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognised as part of re-measurement of net defined liability or asset through other comprehensive income, net of taxes.

#### b) Termination benefits

Termination benefits are expensed when the Company can no longer withdraw the offer of those benefits.

#### c) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recorded as expense as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### (xi) Share based payment transactions

Selected employees of the Company receive remuneration in the form of equity settled instruments, for rendering services over a defined vesting period and for company's performance-based stock options over the defined period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. In cases, where equity instruments are granted at a nominal exercise price, the intrinsic value on the date of grant approximates the fair value. The expense is recognised in the statement of profit and loss with a corresponding increase to the share options outstanding account, a component of equity.

The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants (accelerated amortization). The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

## **Healthplan Services Insurance Agency Inc.**

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

(Amount in USD, unless otherwise stated)

#### **(xii) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

#### **(xiii) 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 upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To recognize revenues, the Company applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied.

At contract inception, the Company assesses its promise to transfer products or services to a customer to identify separate performance obligations. The Company applies judgement to determine whether each product or service promised to a customer is capable of being distinct, and are distinct in the context of the contract, if not, the promised products or services are combined and accounted as a single performance obligation. The Company allocates the arrangement consideration to separately identifiable performance obligations based on their relative stand-alone selling price or residual method. Stand-alone selling prices are determined based on sale prices for the components when it is regularly sold separately, in cases where the Company is unable to determine the stand-alone selling price the Company uses third-party prices for similar deliverables or the company uses expected cost-plus margin approach in estimating the stand-alone selling price.

For performance obligations where control is transferred over time, revenues are recognised by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the promised products or services to be provided.

The method for recognizing revenues and costs depends on the nature of the services rendered:

##### **A. Time and materials contracts**

Revenues and costs relating to time and materials contracts are recognised as the related services are rendered.

# Healthplan Services Insurance Agency Inc.

## Summary of significant accounting policies and other explanatory information

(Amount in USD, unless otherwise stated)

### B. Fixed-price contracts

#### i) Fixed-price development contracts

Revenues from fixed-price contracts, including software development, and integration contracts, where the performance obligations are satisfied over time, are recognised 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 is not able to reasonably measure the progress of completion, revenue is recognised only to the extent of costs incurred for which recoverability is probable. When total cost estimates exceed revenues in an arrangement, the estimated losses are recognised in the statement of profit and loss in the period in which such losses become probable based on the current contract estimates as an onerous contract provision.

A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets primarily relate to unbilled amounts on fixed-price development contracts and are classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

A contract liability is an entity’s obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

Unbilled revenues on other than fixed price development contracts are classified as a financial asset where the right to consideration is unconditional upon passage of time

#### ii) Maintenance contracts

Revenues related to fixed-price maintenance, testing and business process services are recognised based on our right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If our invoicing is not consistent with value delivered, revenues are recognised as the service is performed using the percentage of completion method. When services are performed through an indefinite number of repetitive acts over a specified period, revenue is recognised on a straight-line basis over the specified period unless some other method better represents the stage of completion.

In certain projects, a fixed quantum of service or output units is agreed at a fixed price for a fixed term. In such contracts, revenue is recognised with respect to the actual output achieved till date as a percentage of total contractual output. Any residual service unutilized by the customer is recognised as revenue on completion of the term.

#### iii) Volume based contracts

Revenues and costs are recognised as the related services are rendered.

### C. Products

Revenue on product sales are recognised when the customer obtains control of the specified asset.

### D. Others

Any change in scope or price is considered as a contract modification. The Company accounts for modifications to existing contracts by assessing whether the services added are distinct and whether the pricing is at the stand-alone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract if the additional services are priced at the stand-alone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the stand-alone selling price.

## **Healthplan Services Insurance Agency Inc.**

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

(Amount in USD, unless otherwise stated)

#### **Others (Cont'd)**

The Company accounts for variable considerations like, volume discounts, rebates and pricing incentives to customers as reduction of revenue on a systematic and rational basis over the period of the contract. The Company estimates an amount of such variable consideration using expected value method or the single most likely amount in a range of possible consideration depending on which method better predicts the amount of consideration to which the Company may be entitled.

Revenues are shown net of allowances/ returns, sales tax, value added tax, goods and services tax and applicable discounts and allowances.

The Company accrues the estimated cost of warranties at the time when the revenue is recognised. The accruals are based on the Company's historical experience of material usage and service delivery costs.

Incremental costs that relate directly to a contract and incurred in securing a contract with a customer are recognised as an asset when the Company expects to recover these costs and amortised over the contract term.

The Company recognizes contract fulfilment cost as an asset if those costs specifically relate to a contract or to an anticipated contract, the costs generate or enhance resources that will be used in satisfying performance obligations in future; and the costs are expected to be recovered. The asset so recognised is amortised on a systematic basis consistent with the transfer of goods or services to customer to which the asset relates.

The Company assesses the timing of the transfer of goods or services to the customer as compared to the timing of payments to determine whether a significant financing component exists. As a practical expedient, the Company does not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is a year or less. If the difference in timing arises for reasons other than the provision of finance to either the customer or us, no financing component is deemed to exist.

The Company may enter into arrangements with third party suppliers to resell products or services. In such cases, the Company evaluates whether the Company is the principal (i.e. report revenues on a gross basis) or agent (i.e. report revenues on a net basis). In doing so, the Company first evaluates whether the Company controls the good or service before it is transferred to the customer. If Company controls the good or service before it is transferred to the customer, Company is the principal; if not, the Company is the agent.

#### **(xiv) Finance cost**

Finance cost comprise interest cost on borrowings, gain or losses arising on re-measurement of financial assets at FVTPL, gains/ (losses) on translation or settlement of foreign currency borrowings and changes in fair value and gains/ (losses) on settlement of related derivative instruments. Borrowing costs that are not directly attributable to a qualifying asset are recognised in the statement of profit and loss using the effective interest method.

#### **(xv) Other income**

Other income comprises interest income on deposits, dividend income and gains / (losses), net, on disposal of investments. Interest income is recognised using the effective interest method. Dividend income is recognised when the right to receive payment is established.

# Healthplan Services Insurance Agency Inc.

## Summary of significant accounting policies and other explanatory information

(Amount in USD, unless otherwise stated)

### (xvi) Income tax

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

#### a) Current income tax

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 recognised amounts and where it intends either to settle on a net basis, or to realise the asset and liability simultaneously.

#### b) Deferred income tax

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised 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 recognised 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 utilised.

Deferred income tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences that is expected to reverse within the tax holiday period, 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 utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised 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 realised simultaneously.

### (xvii) Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. 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, except where the results would be anti-dilutive.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any splits and bonus shares issues including for change effected prior to the approval of the financial statements by the Board of Directors.

# Healthplan Services Insurance Agency Inc.

## Summary of significant accounting policies and other explanatory information

(Amount in USD, unless otherwise stated)

### (xviii) Cash flow statement

Cash flow are reported using the indirect method, whereby profit for the period 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 from operating, investing and financing activities of the Company are segregated.

The amendment to Ind AS 7, require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

### (xix) Assets held for sale

Sale of business is classified as held for sale, if their carrying amount is intended to be recovered principally through sale rather than through continuing use. The condition for classification as held for sale is met when disposal business is available for immediate sale and the same is highly probable of being completed within one year from the date of classification as held for sale.

### (xx) Discontinued operations

A discontinued operation is a component of the Company's business that represents a separate line of business that has been disposed off or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

### (xxi) Non-current assets and disposal groups held for sale

Assets of disposal groups that is available for immediate sale and where the sale is highly probable of being completed within one year from the date of classification are considered and classified as assets held for sale. Noncurrent assets and disposal groups held for sale are measured at the lower of carrying amount and fair value less costs to sell.

### (xxii) Disposal of assets

The gain or loss arising on disposal or retirement of assets are recognised in the statement of profit and loss.

### New Accounting standards adopted by the Company:

#### Ind AS 115 – Revenue from Contract with Customers

On April 1, 2018, the Company adopted Ind AS 115, "Revenue from Contracts with Customers" using the cumulative catch-up transition method applied to contracts that were not completed as at April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted.

The adoption of Ind AS 115, did not have any material impact on the statement of profit and loss for the year ended March 31, 2019.

#### A. Contract Asset and Liabilities

The Company classifies its right to consideration in exchange for deliverables as either a receivable or a contract asset.

A receivable is a right to consideration that is unconditional. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. For example, the company recognizes a receivable for revenues related to time and materials contracts or volume-based contracts. The Company presents such receivables as part of unbilled receivables at their net estimated realizable value. The same is tested for impairment as per the guidance in Ind AS 109 using expected credit loss method. Contract assets and liabilities are reported in a net position on a contract by contract basis at the end of each reporting period.

# Healthplan Services Insurance Agency Inc.

## Summary of significant accounting policies and other explanatory information

(Amount in USD, unless otherwise stated)

### B. Remaining Performance Obligations

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognised which includes unearned revenue and amounts that will be invoiced and recognised as revenue in future periods. Applying the practical expedient, the Company has not disclosed its right to consideration from customer in an amount that corresponds directly with the value to the customer of the Company's performance completed to date which are, contracts invoiced on time and material basis and volume based.

### C. Disaggregation of Revenues

The table below presents disaggregated revenues from contracts with customers by business segment, customer location and contract-type. The Company believes that the below disaggregation best depicts the nature, amount, timing and uncertainty of revenue and cash flows from economic factors.

<b>Particulars</b>	<b>Total</b>
Sales of services	<u>5,043,158</u>
<b>Total</b>	<b><u>5,043,158</u></b>
<b>Revenue by nature of contract</b>	
Time and materials	4,997,758
Fixed price, volume based	<u>45,400</u>
<b>Total</b>	<b><u>5,043,158</u></b>

### Appendix B to Ind AS 21 - Foreign Currency Transactions and Advance Consideration

The Company has applied Appendix B to Ind AS 21 - Foreign Currency Transactions and Advance Consideration prospectively effective April 1, 2018. The effect on adoption of this amendment on the financial statements is insignificant.



# Healthplan Services Insurance Agency Inc.

## Summary of significant accounting policies and other explanatory information

(Amount in USD, unless otherwise stated)

### **New accounting standards not yet adopted:**

Certain new standards, amendments to standards and interpretations are not yet effective for annual periods beginning after April 1 2018, and have not been applied in preparing these financial statements. New standards, amendments to standards and interpretations that could have potential impact on the financial statements of the Company are:

#### **Ind AS 116**

On March 30, 2019, the Ministry of Corporate Affairs issued Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. IND AS 116 introduces a single lessee accounting model and requires a lessee to recognised assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees.

The standard allows for two methods of transition: the full retrospective approach, requires entities to retrospectively apply the new standard to each prior reporting period presented and the entities need to adjust equity at the beginning of the earliest comparative period presented, or the modified retrospective approach, under which the date of initial application of the new leases standard, lessees recognize the cumulative effect of initial application as an adjustment to the opening balance of equity as at annual periods beginning on or after January 1, 2019.

The Company will adopt this standard using modified retrospective method effective April 1, 2019, and accordingly, the comparative for year ended March 31, 2018 and 2019, will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.

#### **Appendix C to Ind AS 12 - Uncertainty over income tax treatments**

On March 30, 2019, Ministry of Corporate Affairs issued Appendix C to Ind AS 12, which clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. The entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The effective date for adoption of Appendix C to Ind AS 12 is April 1, 2019. The Company will apply Appendix C to Ind AS 12 prospectively from the effective date and the effect on adoption of Ind AS 12 on the financial statement is insignificant.

#### **Amendment to Ind AS 12 – Income Taxes**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 12 – Income Taxes. The amendments clarify that an entity shall recognise the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the entity originally recognised those past transactions or events that generated distributable profits were recognised. The effective date of these amendments is annual periods beginning on or after April 1, 2019. The Company is currently assessing the impact of this amendment on the Company's consolidated financial statements.

#### **Amendment to Ind AS 19 - Plan Amendment, Curtailment or Settlement**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements requiring an entity to determine the current service costs and the net interest for the period after the remeasurement using the assumptions used for the remeasurement; and determine the net interest for the remaining period based on the remeasured net defined benefit liability or asset. These amendments are effective for annual reporting periods beginning on or after April 1, 2019. The Company will apply the amendment from the effective date and the effect on adoption of the amendment on the consolidated financial statement is insignificant

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

(Amount in USD, unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018
<b>3 Trade Receivable</b>		
<b>Other receivables</b>		
With Group Companies - Considered good	1,256,534	359,325
	<u>1,256,534</u>	<u>359,325</u>
Less: Provision for doubtful receivables	-	-
	<u><u>1,256,534</u></u>	<u><u>359,325</u></u>

**4 Share Capital**

(i) The details of share capital are given below :-

**Authorised capital**

1,00,000 (2017: 1,00,000) equity shares [Par value of of USD 0.01 per share]	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

**Issued, subscribed and fully paid-up capital**

1,00,000 (2017: 1,00,000) equity shares [Par value of of USD 0.01 per share]	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

(ii) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:

Number of common stock outstanding as at beginning of the year	100,000	100,000
Number of common stock issued during the year	-	-
Number of common stock outstanding as at the end of the year	<u>100,000</u>	<u>100,000</u>

(iii) Details of shareholders having more than 5% of the total equity shares of the company

**Name of shareholders**

HPH Holding Corp.	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

**iv) 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.

v) 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 2019.

	As at 31 March 2019	As at 31 March 2018
<b>5 Current tax liabilities</b>		
Provision for tax (net of advance tax)	83,319	83,519
	<u>83,319</u>	<u>83,519</u>

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

(Amount in USD unless otherwise stated)

	<b>Year ended 31 March 2019</b>	<b>Year ended 31 March 2018</b>
<b>6 Revenue from operations</b>		
Sale of services	5,043,158	5,189,168
	<b>5,043,158</b>	<b>5,189,168</b>
<b>7 Employee benefit expenses</b>		
Salaries and wages	1,581,657	2,244,392
Staff welfare expenses	-	236,299
	<b>1,581,657</b>	<b>2,480,691</b>
<b>8 Other expenses</b>		
Sub contracting / technical fees	198,808	32,784
Rates and taxes	1,859	26,319
Communication	11,894	13,874
Advertisement and sales promotion	17,003	3,265
Bad debts	-	51,432
Insurance	63,891	67,447
AMC for software & hardware	564,509	525,271
Rent	21,256	211,369
Sales Commission	1,669,838	1,412,295
Staff recruitment	-	5,096
Other general & administrative expenses	15,033	-
	<b>2,564,091</b>	<b>2,349,152</b>
<b>9 Earnings per share:</b>		
Net profit after tax attributable to the equity shareholders	1,482,353	240,243
Weighted average number of equity shares outstanding during the year	100,000	100,000
Earnings per equity share of par value USD 0.01 each		
Basic and diluted	14.82	2.40

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# 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
Healthplan Services Inc.	Holding company

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>Dividend paid</b>		
HPH Holdings Corp.	-	21,449,433

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>Receivable</b>		
Healthplan Service Inc.	1,256,534	359,325

### 11 Effective Tax Rate (ETR) reconciliation

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

	Year ended 31 March 2019	Year ended 31 March 2018
Current tax	-	-
Deferred tax	(584,943)	119,082
	<b>(584,943)</b>	<b>119,082</b>

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

	Year ended 31 March 2019	Year ended 31 March 2018
Profit before taxes	897,410	359,325
Enacted income tax rate	28%	28%
Computed expected tax expense	251,275	100,611
Permanent difference	(251,275)	(100,611)
On account of change in enacted tax rate	-	119,082
Others, net	(584,943)	-
<b>Tax expense as per financials</b>	<b>(584,943)</b>	<b>119,082</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 2019 were as follows :

Particulars	Note	FVTPL	FVTOCI	Amortized cost	Total carrying value	Total fair value
<b>Financial assets :</b>						
Trade receivable	3	-	-	1,256,534	1,256,534	1,256,534
<b>Total financial assets</b>		<b>-</b>	<b>-</b>	<b>1,256,534</b>	<b>1,256,534</b>	<b>1,256,534</b>

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 receivable	3	-	-	359,325	359,325	359,325
<b>Total financial assets</b>		<b>-</b>	<b>-</b>	<b>359,325</b>	<b>359,325</b>	<b>359,325</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 directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

**13 Events occurring after the reporting date**

No adjusting or significant non-adjusting events have occurred between 31 March 2019 and the date of authorization of these financial statements.

**14 Segment reporting**

The Company is engaged in promoting and creating new customers for the holding company and providing software development services which is considered to be the only reportable business segment as per Ind AS 108, 'Segment Reporting'. The Company operates primarily in Japan and there is no other significant geographical segment. The company has only customer which is wipro and has no other significant customer base.

**15 Prior period comparatives**

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

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

16 June 2019

Sd/-  
**N S Bala**  
 Director

16 June 2019