Harrington Health Services, Inc.

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED MARCH 31, 2016

HARRINGTON HEALTH SERVICES INC.
BALANACE SHEET AS AT 31ST MARCH 2016

(Amount in Rs, except share and per share data, unless otherwise stated)

	Notes	As at March 31, 2016
<u>EQUITY AND LIABILITIES</u>		
Shareholders' funds		
Share capital	1	**680**
Reserves and surplus	2	**1,428,978,406**
		1,428,979,086
Share application money pending allotment		**-**
Non-current liabilities		**-**
Deferred tax liabilities		**13,545,156**
		13,545,156
Current liabilities		
Trade payables	3	**135,972,224**
		135,972,224
TOTAL EQUITY AND LIABILITIES		**1,578,496,466**
<u>ASSETS</u>		
Non-current assets		
Fixed assets		
Tangible assets	11	**3,459,029**
		3,459,029
Current assets		
Trade receivables	7	**108,674,386**
Cash and bank balances	4	**13,462,862**
Short term loans and advances	5	**4,639,343**
Other current assets	6	**1,448,260,847**
		1,575,037,438
TOTAL ASSETS		**1,578,496,466**

* Trade payables includes amount due to micro and small enterprises as of 31st Mar' 2016, INR "Nil"

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For and on behalf of the Board of Directors

for **Appaji & Co**
Chartered Accountants
Firm's Registration No: 014147S

Sd/-
CA K Appaji
Partner
Mem. No.- 214156

Sd/-
Ashish Chawla
Director

Sd/-
NS Bala
Director

Bangalore
May 31, 2016

HARRINGTON HEALTH SERVICES INC.
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

(Amount in Rs, except share and per share data, unless otherwise stated)

	Notes	Year ended March 31, 2016
REVENUE		
Revenue from operations	8	**125,341,204**
Total Revenue		**125,341,204**
EXPENSES		
Employee benefits expense	9	**41,951,044**
Depreciation and amortisation expense	11	**119,199**
Other expenses	10	**50,000,044**
Total Expenses		**92,070,287**
Profit before tax		**33,270,916**
Tax expense		
Deferred tax		**13,362,986**
		13,362,986
Net Profit		**19,907,930**
Earnings per equity share		
(Equity shares of par value $0.01 each)		
Basic		**19,908**
Diluted		**19,908**

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

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Bangalore
May 31, 2016

HARRINGTON HEALTH SERVICES INC.

CASFHLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(Amount in INR ,except share and per share data,unless otherwise stated)

		Year ended March 31, 2016
A.	**Cash flows from operating activities:**	
	Profit before tax	33,270,916
	Adjustments:	
	Depreciation, amortisation and impairment charge	119,199
	Exchange difference, net	
	Working capital changes:	
	Trade receivables and unbilled revenue	4,576,236
	Loans and advances and other assets	(8,197,845)
	Liabilities and provisions	17,474,651
	Exchange difference, net	(45,305,259)
	Net cash generated from operations	1,937,897
	Direct taxes paid, net	-
	Net cash generated from operating activities	**1,937,897**
B.	**Cash flows from investing activities:**	
	Net cash used in investing activities	-
C.	**Cash flows from financing activities:**	
	Net cash used in financing activities	-
	Net increase in cash and cash equivalents during the year	1,937,897
	Cash and cash equivalents at the beginning of the year	11,903,374
	Effect of exchange rate changes on cash and cash equivalent	(378,410)
	Cash and cash equivalents at the end of the year	**13,462,862**

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For and on behalf of the Board of Directors

for **Appaji & Co**
Chartered Accountants
Firm's Registration No: 014147S

Sd/-
CA K Appaji
Partner
Mem. No.- 214156

Sd/-
Ashish Chawla
Director

Sd/-
NS Bala
Director

Bangalore
May 31, 2016

NOTES TO THE FINANCIAL STATEMENTS
(Amount in Rs. except share and per share data, unless otherwise stated)

1. Company Overview

Harrington Health Services Inc. is a subsidiary of Healthplan Holding Inc., incorporated and domiciled in USA. The Company is provider of IT Services, including Business Process Services (BPS) services, globally and IT Products. The functional currency of the Company is USD and the reporting currency for these financial statements is INR. 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. Significant accounting policies

(i) Basis of preparation of financial statements

The financial statements are prepared in accordance with Generally Accepted Accounting Principles in India (GAAP) under the historical cost convention on the accrual basis, except for certain financial instruments which are measured on a fair value basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable, Accounting Standards ('AS') issued by Institute of Chartered Accountants of India (ICAI) and other generally accepted accounting principles in India.

(ii) Use of estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the year. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the year in which the estimates are revised and in any future year affected.

(iii) Fixed Asset

Tangible assets are stated at historical cost less accumulated depreciation and impairment loss, if any. Costs include expenditure directly attributable to the acquisition of the asset. Borrowing costs directly attributable to the construction or production of qualifying assets are capitalized as part of the cost

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 capitalized 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

Intangible assets are stated at the consideration paid for acquisition less accumulated amortization and impairment loss, if any.

Cost of fixed assets not ready for use before the balance sheet date is disclosed as capital work-in-progress. Advances paid towards the acquisition of fixed assets outstanding as of each balance sheet date is disclosed under long term loans and advances

(iv) Provisions and contingent liabilities

Provisions are recognized when the Company has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

(v) 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.

Transaction:

The difference between the rate at which foreign currency transactions are accounted and the rate at which they are realized is recognized in the statement of profit and loss.

Translation:

Monetary foreign currency assets and liabilities at period-end are translated at the exchange rate prevailing at the date of Balance Sheet. The difference arising from the translation is recognized in the statement of profit and loss, except for the exchange difference arising on monetary items that qualify as hedging instruments in a cash flow hedge or hedge of a net investment in a non-integral foreign operation. In such cases the exchange difference is initially recognized in hedging reserve or Foreign Currency Translation Reserve (FCTR), respectively. Such exchange differences are subsequently recognized in the statement of profit and loss on occurrence of the underlying hedged transaction or on disposal of the investment, respectively. Further, foreign currency differences arising from translation of intercompany receivables or payables relating to foreign operations, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of net investment in foreign operation and are recognized in FCTR. When a foreign operation is disposed of, the relevant amount recognized in FCTR is transferred to the statement of profit and loss as part of the profit or loss on disposal.

The Company is a foreign subsidiary of Healthplan Holding Inc. and has been treated as a non-integral operating unit for translation. The assets and liabilities are translated at the exchange rate prevailing at the date of the balance sheet. The items in the statement of profit and loss are translated at the average exchange rate during the period. The differences arising out of the translation are transferred to foreign currency translation reserve.

(vi) Depreciation and amortization

The Company has provided for depreciation using straight line method over the useful life of the assets as prescribed under part C of Schedule II of the Companies Act, 2013 except in the case of following assets which are depreciated based on useful lives estimated by the Management:

Class of asset	Estimated useful life
Computer Software	3 – 4 years
Computer including telecom equipment and software (included under plant and machinery)	3 – 5 years
Furniture and fixtures	5 – 10 years

For the class of assets mentioned above, based on internal technical assessment the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.
Freehold land is not depreciated.

Intangible assets are amortized over their estimated useful life on a straight line basis.

Payments for leasehold land are amortized over the period of lease.

Fixed assets individually costing Rupees five thousand or less are depreciated at 100% over a period of one year.

Assets under finance lease are amortized over their estimated useful life or the lease term, whichever is lower

(vii) Impairment of assets

Financial assets:

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss. The amount of loss for receivables is measured as the difference between the assets carrying amount and undiscounted amount of future cash flows. Reduction, if any, is recognized in the statement of profit and loss. If at the balance sheet date there is any indication that a previously assessed impairment loss no longer exists, the recognized impairment loss is reversed, subject to maximum of initial carrying amount of the short-term receivable.

Other than financial assets:

The Company assesses at each balance sheet date whether there is any indication that a non-financial asset including goodwill may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to 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 balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. In respect of goodwill, the impairment loss will be reversed only when it was caused by specific external events of an exceptional nature that is not expected to recur and their effects have been reversed by subsequent external events

(viii) Employee benefits

Compensated absences:

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

Pension and Social contribution:

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

(ix) Taxes

Income tax:

The current charge for income taxes is calculated in accordance with the relevant tax regulations.

Deferred tax:

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements of the Company.

Deferred taxes are recognised in respect of timing differences which originate during the tax holiday period but reverse after the tax holiday period. For this purpose, reversal of timing difference is determined using first in first out method.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment/substantive enactment date.

Deferred tax assets on timing differences are recognised only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, deferred tax assets on the timing differences when unabsorbed depreciation and losses carried forward exist, are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets are reassessed for the appropriateness of their respective carrying amounts at each balance sheet date.

The Company offsets, on a year on year basis, the current and non-current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

(x) Provisions and contingent liabilities

Provisions are recognized when the Company has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.
A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provision for onerous contracts is recognized when the expected benefits to be derived from the contract are lower than the unavoidable cost of meeting the future obligations under the contract.

(xi) Earnings per share

Basic:

The number of equity shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year excluding equity shares held by controlled trusts.

Diluted:

The number of equity shares used in computing diluted earnings per share comprises the weighted average number of equity shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. The number of equity shares and potentially dilutive equity shares are adjusted for any stock splits and bonus shares issued.

(vi) Cash flow statement

Cash flows are reported using the indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

Notes to Balance Sheet

		As at Mar 31, 2016
Note 1 Share Capital		
Authorised capital		
1,000 equity shares [Par value of $ 0.01 per share]		
		680
		680
Issued, subscribed and fully paid-up capital		
1000 equity shares of $ 0.01 per share		680
		680
Note 2 Reserves and Surplus		
Securities premium account		
Balance at the time of acquisition		318,140,695
	(A)	**318,140,695**
Foreign exchange translation reserve		
Balance as at time of Acquisition		-
Movement During the year		(45,985,005)
	(B)	**(45,985,005)**
Surplus from statement of profit and loss		
Balance as at time of Acquisition		1,136,914,786
Movement During the year		19,907,930
	(C)	**1,156,822,716**
Summary of reserves and surplus		
Balance as at time of Acquisition		1,455,055,481
Movement during the year		(26,077,075)
	(A+B+C)	**1,428,978,406**
Note 3 Trade payables		
Trade Payables-Due to other than micro and small enterprises		74,111,042
Accrued expenses		61,861,182
		135,972,224

Note 4 Cash and bank balances

Cash and cash equivalents	
Balances with banks	
In current accounts	13,462,862
	13,462,862
Other Deposit with banks	-
	13,462,862

Note 5 Short-term loans and advances

(Unsecured, considered good unless otherwise stated)

Prepaid expenses and other deposits	4,639,343
	4,639,343
Less: Provision for doubful loans and advances	-
	4,639,343

Note 6 Other current assets

Unsecured and considered good:	
Receivable from Group company	1,448,260,847
	1,448,260,847
	1,448,260,847

Note 7 Trade Receivable

Other receivables	
Considered good	108,674,386
Considered doubtful	-
	108,674,386
Less: Provision for doubtful receivables	-
	108,674,386
	108,674,386

Notes to Profit and Loss

	Year ended March 31, 2016
Note 8 Revenue from Operations	
Sale of products	-
Sale of services	125,341,204
Revenue from operations (gross)	**125,341,204**
Note 9 Employee benefits expense	
Salaries and wages	41,951,044
	41,951,044
Note 10 Other expenses	
Sub contracting / technical fees / third party application	24,061,492
Travel	623,150
Rent	1,875,344
Communication	1,260,308
Advertisement and sales promotion	51,989
Legal and professional charges	2,790,250
Printing & Postages	2,985,675
Insurance	5,003,401
Rates and taxes	6,750,130
Auditors' remuneration	
Audit fees	299,949
Miscellaneous expenses	4,298,357
	50,000,044

NOTE 11 TANGIBLE ASSETS

PARTICULARS	Gross Block				Accumulated Depreciation				NET BLOCK
	Additions due to acquisition	Effect of Translation*	Deductions/ Adjustments	As of March 31, 2016	Depreciation for the period	Effect of Translation*	Deductions / adjustments	As of March 31, 2016	As of March 31, 2016
(a) Tangible fixed assets									
Buildings*	1,407,429	(44,742)	-	**1,362,687**	29,496	402	-	**29,898**	**1,332,789**
Plant & machinery#	137,734	(4,379)	-	**133,355**	53,358	727	-	**54,085**	**79,270**
Furniture, fixture	1,873,541	(59,560)	-	**1,813,981**	30,007	409	-	**30,416**	**1,783,565**
Office Equipment	278,689	(8,860)	-	**269,829**	6,338	86	-	**6,425**	**263,405**
	3,697,393	**(117,541)**	**-**	**3,579,852**	**119,199**	**1,625**	**-**	**120,824**	**3,459,029**

#Represents translation of fixed assets of non-integral operations into Indian Rupee

* Includes leasehold improvement

12 No Related party transactions taken place during the year:

The following is the listing of receivable from related party as on the balance sheet date.

	As at March 31,2016
Healthplan Services Inc – Group Company	1,448,260,847

13. **Segment reporting**

The financials form part of consolidated financial statements of Ultimate Holding Company Wipro Limited in the annual report. In accordance with Accounting Standard 17, Segment Reporting, the segment information is disclosed in the consolidated financial statements."

14. There are no comparable numbers as this is the first year since the acquisition of the Company.

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For and on behalf of the Board of Directors

for **Appaji & Co**
Chartered Accountants
Firm's Registration No: 014147S

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