

HGS EBOS, LLC USA
Balance Sheet As at
(All amounts are in US Dollars)

Particulars	Notes	March 31, 2020	March 31, 2019
Assets			
Non-current assets			
Property, Plant and Equipment	2a	332,653	162,593
Right of use asset	2b	503,715	
Capital work-in-progress		336,563	25,074
Other Intangible assets	3	51,902	901
Goodwill	4	6,504,442	6,504,442
Financial Assets			
(i) Other financial assets	5	21,507	47,757
Deferred tax assets (net)		-	1,998
Income Tax Assets (net)		38,468	25,878
Other non-current assets	6	255,579	-
Total non-current assets		8,044,829	6,768,643
Current assets			
Financial Assets			
(i) Trade receivables	7	22,769,379	29,242,295
(ii) Other financial assets	8	250,000	-
Other Current assets	9	151,740	322,182
Total current assets		23,171,120	29,564,477
Total assets		31,215,948	36,333,120
EQUITY AND LIABILITIES			
Equity			
Other Equity	10	3,685,906	(2,591,291)
Total Equity		3,685,906	(2,591,291)
Non-current liabilities			
Financial Liabilities			
(i) Borrowings	11a	8,700,000	8,700,000
(ii) Lease liabilities	12a	476,572	-
Total non-current liabilities		9,176,572	8,700,000
Current liabilities			
Financial Liabilities			
(i) Borrowings	11b	-	15,448
(ii) Lease liabilities	12b	105,424	-
(iii) Trade payables	13	17,722,298	29,749,857
(iv) Other financial liabilities	14	411,733	319,264
Provisions	15	111,644	116,207
Other current liabilities	16	2,371	23,635
Total current liabilities		18,353,471	30,224,411
Total Equity and Liabilities		31,215,948	36,333,120

See accompanying notes to the financial statements.

For and on behalf of the Management

HGS EBOS, LLC USA
Statement of profit and loss for the year ended
(All amounts in US Dollars)

Particulars	Notes	March 31, 2020	March 31, 2019
Income			
Revenue from operations	17	45,927,753	48,444,622
Other income	18	-	14,001
Total Income		45,927,753	48,458,623
Expenses			
Employee benefits expense	19	4,992,840	3,690,993
Finance cost	20	94,929	-
Depreciation and amortisation expense	21	180,944	124,289
Other Expenses	22	34,392,776	41,938,733
Total expenses		39,661,489	45,754,015
Profit /(Loss) before tax		6,266,264	2,704,608
Tax expense			
Current tax		-	-
Deferred tax		-	-
Total tax expense		-	-
Profit /(Loss) for the year		6,266,264	2,704,608
Total comprehensive income for the year, net of tax		6,266,264	2,704,608

See accompanying notes to the financial statements.

For and on behalf of the Management

HGS EBOS, LLC USA

Notes to the financial statements for the year ended March 31, 2020

1 Background

HGS EBOS LLC is wholly owned subsidiary of Hinduja Global Solutions Inc, USA. The Company is engaged in Business Process Management activities in the Healthcare vertical.

a Basis of preparation of standalone financial statements

(i) Basis of preparation

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under sec. 133 of Companies Act 2013, as applicable and guidelines issued by the Securities and Exchange Board of India ("SEBI"). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements correspond to the classification provisions contained in Ind AS 1, "Presentation of Financial Statements". For clarity, various items are aggregated in the statements of profit and loss and balance sheet. These items are disaggregated separately in the notes to the financial statements, where

All amounts included in the financial statements are reported in United States Dollar (USD) except share and per share data, unless otherwise stated. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures. Previous year figures have been regrouped/re-arranged, wherever necessary.

(ii) Basis of measurement

These financial statements have been prepared on a historical cost convention and on an accrual basis, except for financial instruments classified as fair value through other comprehensive income or fair value through profit or loss.

b Investments and other financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through statement of profit and loss), and
- those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through statement of profit and loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit and loss.

(iii) Derecognition of financial assets

A financial asset is derecognized only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

(iv) Impairment

The Company recognises impairment provision when the recoverable amount of financial asset does not exceeds its carrying amount.

c Leases

As a lessee

The Company enters into an arrangement for lease of buildings. Such arrangements are generally for a fixed period but may have extension or termination options.

The Company assesses, whether the contract is, or contains, a lease, at its inception. A contract is, or contains, a lease if the contract conveys the right to –

- control the use of an identified asset,
- obtain substantially all the economic benefits from use of the identified asset, and
- direct the use of the identified asset.

The Company determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease, where the Company is reasonably certain to exercise that option.

The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. This expense is presented within 'other expenses' in statement of profit and loss.

Lease Liabilities:

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability payments are classified as cash used in financing activities in the Statement of cash flows.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

HGS EBOS, LLC USA

Notes to the financial statements for the year ended March 31, 2020

Right-of-Use Assets:

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. Prepaid lease payments (including the difference between nominal amount of the deposit and the fair value) are also included in the initial carrying amount of the right of use asset.

They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated on a straight line basis over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies Ind AS 36 to determine whether a ROU asset is impaired and accounts for any identified impairment loss as described in the impairment of non-financial assets below

The Company incurs obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease. the Company has assessed that such restoration costs are negligible and hence no provision under Ind-AS 37 has been recognised.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statement of profit and loss.

As a practical expedient, Ind AS 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

Lease policy applicable before April 1, 2019

As a lessee

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

HGS EBOS, LLC USA**Notes to the financial statements for the year ended March 31, 2020****d Impairment**

i) Impairment of non financial assets

Long-lived assets such as Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

ii) Impairment of financial assets

The Company applies the expected credit loss model for recognizing impairment loss on trade receivables including unbilled receivables measured at amortized cost. 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 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 historical credit loss experience adjusted for forward looking information.

e Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

f Provisions

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

g Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

h Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Particulars	Useful life
Leasehold improvement	Over the period of Lease
Computers	3 to 7 years
Furniture and Fixtures	7 Years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income/ expense.

i Other Intangible assets

Intangible assets acquired separately are measured at cost of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

The Company amortizes intangible assets with a finite useful life using the straight-line method over the following periods:

Particulars	Useful life
Computer Software	3 to 6 years

j Borrowings

Borrowings are initially recognised at Fair value, net of transaction cost incurred. Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in statement of profit and loss.

k Revenue recognition

The Company earns revenue primarily from business process management services.

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.

Nature of the services

The Company derives its revenue from business process management (BPM) which includes services like back office processing and contact center solutions. The Company provides BPM services, which typically involve claim processing and call center services for healthcare industry which it administers and manages those services for its client on an ongoing basis. The Company combines technology powered services in automation, analytics and digital with domain expertise focusing on back office processing and contract centers solutions to deliver transformational impact to clients.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

HGS EBOS, LLC USA
Notes to the financial statements
(All amounts in US Dollars)

2a Property, Plant and Equipment

	Furniture and Fixtures	Computers	Leasehold Improvements	Total
<u>Year ended March 31, 2019</u>				
Gross carrying amount	58,215	734,398	88,315	880,928
Additions during the Year	80,823	54,378	13,617	148,818
Deductions	-	-	-	-
Closing gross carrying amount	139,039	788,775	101,931	1,029,745
Depreciation				
Accumulated depreciation	48,480	639,574	65,692	753,746
Charge for the year	14,540	86,397	12,469	113,406
Deductions	-	-	-	-
Closing gross carrying amount	63,020	725,971	78,161	867,152
Net carrying amount as at March 31, 2019	76,018	62,804	23,770	162,593
<u>Year ended March 31, 2020</u>				
Gross carrying amount	139,039	788,775	101,931	1,029,745
Additions during the Year	5,718	221,808	6,682	234,209
Deductions	-	-	-	-
Closing gross carrying amount	144,757	1,010,583	108,614	1,263,954
Depreciation				
Accumulated depreciation	63,020	725,971	78,161	867,152
Charge for the year	12,639	45,237	6,272	64,148
Deductions	-	-	-	-
Closing gross carrying amount	75,660	771,208	84,433	931,301
Net carrying amount as at March 31, 2020	69,097	239,376	24,180	332,653

2a Right of use assets

	Building
<u>Year ended March 31, 2020</u>	
Assets recognised upon application of Ind AS 116	611,339
Total carrying amount as at April 1, 2019	611,339
Additions	-
Disposals	-
Gross carrying amount	611,339
Accumulated depreciation	
Depreciation	107,624
Disposals	-
Accumulated depreciation	107,624
Net carrying amount as at March 31, 2020	503,715

HGS EBOS, LLC USA

Notes to the financial statements for the year ended March 31, 2020
(All amounts in US Dollars)

3 Other Intangible Assets

	Computer Software
<u>Year ended March 31, 2019</u>	
Gross carrying amount	1,853,219
Additions during the Year	-
Deductions/ Adjustment	-
Closing gross carrying amount	1,853,219
Amortisation	
Gross carrying amount	1,841,435
Charge for the year	10,883
Deductions	-
Closing accumulated Amortisation	1,852,318
Net carrying amount as at March 31, 2019	901
<u>Year ended March 31, 2020</u>	
Gross carrying amount	1,853,219
Additions during the Year	60,173
Deductions/ Adjustment	-
Closing gross carrying amount	1,913,392
Amortisation	
Gross carrying amount	1,852,318
Charge for the year	9,172
Deductions	-
Closing accumulated Amortisation	1,861,490
Net carrying amount as at March 31, 2020	51,902

4 Goodwill

	Goodwill
<u>Year ended March 31, 2019</u>	
Gross carrying amount	6,504,442
Net carrying amount as at March 31, 2019	6,504,442
<u>Year ended March 31, 2020</u>	
Gross carrying amount	6,504,442
Net carrying amount as at March 31, 2020	6,504,442

HGS EBOS, LLC USA
Notes to the financial statements
(All amounts in US Dollars)

5 Other financial asset

	As at March 31, 2020	As at March 31, 2019
Security Deposit	21,507	47,757
Total	21,507	47,757

6 Other non Current assets

	As at March 31, 2020	As at March 31, 2019
Prepaid Expenses	255,579	-
Total	255,579	-

7 Trade receivable (Unsecured, considered good)

	As at March 31, 2020	As at March 31, 2019
Trade receivables	21,566,883	26,719,011
Unbilled receivables	3,022,320	4,343,107
Less: Allowance for doubtful debts	(1,819,823)	(1,819,823)
Total	22,769,379	29,242,295
Current Portion	22,769,379	29,242,295
Non Current Portion	-	-

8 Other financial asset

	As at March 31, 2020	As at March 31, 2019
Security Deposit	250,000	-
	250,000	-

9 Other Current assets

	As at March 31, 2020	As at March 31, 2019
Prepaid Expenses	151,740	37,807
Other receivables	-	284,375
Total	151,740	322,182

10 Other Equity

	As at March 31, 2020	As at March 31, 2019
Surplus in Statement of Profit and Loss		
As per last Balance Sheet	(2,594,819)	(5,299,427)
Add: Profit for the year	6,266,264	2,704,608
Add/ (Less): Effect of change in accounting policy for initial application of Ind AS 116	10,932	-
Total	3,682,377	(2,594,819)
Additional paid up capital		
As per last Balance Sheet	3,529	3,529
Add: Addition during the year on account of ESOP	-	-
Total	3,529	3,529
Total	3,685,906	(2,591,291)

11 Borrowings

	As at March 31, 2020	As at March 31, 2019
A. Borrowings - non-current		
Unsecured		
Loans from Related Parties	8,700,000	8,700,000
Total non current borrowings	8,700,000	8,700,000
B. Borrowings - Current		
Unsecured		
Bank Overdraft	-	15,448
Total Current borrowings	-	15,448
Aggregate Secured loans	-	-
Aggregate Unsecured loans	8,700,000	8,715,448

12 Lease Liabilities

	As at March 31, 2020	As at March 31, 2019
a. Lease Liabilities - non-current		
Total lease liabilities	581,995.66	-
Less: Current Maturities of Lease Obligations	(105,423.60)	-
	476,572.06	-
b. Lease Liabilities - current	105,423.60	-
	105,423.60	-
Total	581,995.66	-

HGS EBOS, LLC USA
Notes to the financial statements
(All amounts in US Dollars)

13 Trade Payables

	As at March 31, 2020	As at March 31, 2019
Trade Payables	17,722,298	29,749,857
Total	17,722,298	29,749,857

14 Other financial liabilities

	As at March 31, 2020	As at March 31, 2019
Employee benefits payable	411,733	319,264
Total	411,733	319,264

15 Provisions

	As at March 31, 2020	As at March 31, 2019
Compensated Absences	111,644	116,207
Total	111,644	116,207

16 Other Current liabilities

	As at March 31, 2020	As at March 31, 2019
Statutory dues payable	350	-
Other Payables	2,022	23,635
Total	2,371	23,635

HGS EBOS, LLC USA
Notes to the financial statements
(All amounts in US Dollars)

17 Revenue from operations

	Year ended March 31, 2020	Year ended March 31, 2019
Sale of services		
Business Process Management	45,927,753	48,444,622
Total	45,927,753	48,444,622

18 Other income

	Year ended March 31, 2020	Year ended March 31, 2019
Other non-operating income	-	14,001
Total	-	14,001

19 Employee benefits expense

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	4,593,881	3,420,205
Contribution to provident and other funds	398,668	266,540
Staff welfare expenses	291	4,248
Total	4,992,840	3,690,993

20 Finance costs

	Year ended March 31, 2020	Year ended March 31, 2019
Interest on leases	32,429	-
Other Borrowing Costs	62,500	-
Total	94,929	-

21 Depreciation and Amortisation expenses

	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on property, plant and equipment	64,148	113,406
Depreciation on right of use asset	107,624	-
Amortisation of Intangibles	9,172	10,883
Total	180,944	124,289

22 Other Expenses

	Year ended March 31, 2020	Year ended March 31, 2019
Power and Fuel	10,444	11,668
Rent	43,885	161,968
Repairs and Maintenance - Others	137,426	138,699
Insurance	13,810	7,254
Rates and Taxes	352	12,154
Connectivity Cost	32,736,876	38,719,536
Advertisement and Business Promotion	64,348	27,449
Communication	276,733	151,143
Travelling, Conveyance and Car Hire Charges	308,415	280,389
Legal and Professional	95,953	72,383
Training and Recruitment	54,434	18,034
Software Expenses	65,829	-
Commission	256,055	28,125
Fulfillment Cost	-	99,831
Bad Debts/ Advances Written off	-	1,819,823
Foreign Exchange Loss (net)	-	595
Miscellaneous Expenses	328,217	389,682
Total	34,392,776	41,938,733