

**HCL TECHNOLOGIES (PTY) LIMITED**  
**(Formerly known as HCL Axon (Proprietary) Ltd.)**  
(Registration number 2009/003046/07)

**Annual Financial Statements**  
for the year ended  
31 March 2021

Audited Annual financial statements  
in compliance with Companies Act of South Africa

## HCL Technologies (PTY) Limited (Formerly known as HCL Axon (Proprietary) Ltd.)

(Registration number 2009/003046/07)

### Audited Annual Financial Statements for the year ended March 31,2021

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#### General Information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Sale, purchase, distribution, license, lease, services, manpower deployment, maintenance and consultancy of all kind, related to information technology.
<b>Directors</b>	Mr. Prateek Aggarwal (Indian citizen) Ms. Balungile Phili (South African citizen) appointed as Executive Director effective 1 <sup>st</sup> August 2019. Mr. Sundaram Sridharan (Singapore citizen) Mr. Nima Pravin Gagjee (South African citizen)
<b>Registered office</b>	GMI House, Harlequins Office Park, 164 Totius Street, Groenkloof, Pretoria, 0027
<b>Business address</b>	2nd Floor, ABB Park The Crescent 3 Eglin Road, Sunninghill 2157, South Africa
<b>Postal address</b>	PO Box 619 Pretoria 0001
<b>Holding company</b>	Anzospans Investment Proprietary Limited (Incorporated in South Africa)
<b>Ultimate holding company</b>	HCL Technologies Limited (Incorporated in India)
<b>Auditors</b>	KPMG Chartered Accountants
<b>Company registration number</b>	2009/003046/07
<b>Preparer of Annual Financial Statements</b>	Deepak Gupta (Associated Chartered Accountant of India)

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#### Approval of Annual Financial Statements

The audited annual financial statements set out on pages 7 to 33 were approved by the board of directors on 29 July 2021.

*Prateek Aggarwal*

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**Prateek Aggarwal**  
**Authorised Director**

*Sridharan S*

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**Sundaram Sridharan**  
**Authorised Director**

# HCL Technologies (PTY) Limited (Formerly known as HCL Axon (Proprietary) Ltd.)

(Registration number 2009/003046/07)

## Annual Financial Statements for the year ended 31 March 2021

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### Directors' Report

#### 1. Directors' responsibilities

The directors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards.

The responsibility of the external auditors is to express an independent opinion on the fair presentation of the Annual Financial Statements based on their audit of the company. The board is satisfied that the external auditors were independent of the company during period under review.

The board is satisfied that the Annual Financial Statements fairly present the financial position, the results of operations and cash flows in accordance with International Financial Reporting Standards and the Companies Act of South Africa and supported by reasonable and prudent judgements consistently applied.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risks of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risks across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by the management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

#### 2. Incorporation

The company was incorporated on 16<sup>th</sup> February, 2009 and obtained its certificate to commence business on the same day.

#### 3. Business and operations

The company is engaged in sale, purchase, distribution, license, lease, services, manpower deployment, maintenance and consultancy of all kind related to information technology.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

The board is of the opinion that the company is financially sound and operates a going concern. The annual financial statements have accordingly been prepared on this basis.

#### 4. Review of operations

The results of operations for the year are set out in the statement of comprehensive income. A net profit of ZAR 105,638,249 (2020: Loss ZAR (50,855,044)) was recorded for the year under review.

#### 5. Going Concern

The company earned profit for the year ended 31 March 2021 of R 105,638,249 as compared to loss in last year ended 31 March 2020 – R (50,855,044) and as at that date its total assets exceeded its total liabilities by R 517,714,419 (31 March 2020 – R 412,076,171). In addition, current assets exceed current liabilities by R 171,897,415 (31 March 2020 – R 92,217,052). Based on our current knowledge and available information, we do not expect COVID19 to have an impact on our ability to continue as a going concern in the future. Accordingly, the financial statements have been prepared on a going concern basis.

**HCL Technologies (PTY) Limited (Formerly known as HCL Axon (Proprietary) Ltd.)**

(Registration number 2009/003046/07)

**Annual Financial Statements for the year ended 31 March 2021**

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**Directors' Report - continued**

**6. Share capital**

Nil shares were issued during the year. Unissued shares are under control of the Board of directors.

**7. Directors**

Particulars of the directors as on 31<sup>st</sup> March, 2021 are given below.

S.No	Name of Directors	Citizenship	Director Type	Date of Appointment
1	Prateek Aggarwal	India	Non-Executive	24-10-2018
2	Sundaram Sridharan	Singapore	Non-Executive	31-03-2016
3	Nima Pravin Gagjee	South Africa	Non-Executive	04-09-2017
4	Balungile Phili	South Africa	Executive	01-08-2019

**8. Holding company**

Anzospan Investments Proprietary Limited, incorporated in South Africa is the holding company.

**9. Ultimate holding company**

The company's ultimate holding company is HCL Technologies Limited incorporated in India.

**10. Dividends**

There is no dividend paid during the year to the shareholders (2020: R 234,925,230).

**11. Subsequent events**

Apart from potential impacts of coronavirus Covid-19 which is given in Note 35 to the financial statements, no fraud or material circumstances has occurred between the accounting date and date of this report which significantly affect the financial position of the company or the results of its operations.

**12. Auditor**

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditor of the Company is to be proposed at the forthcoming annual general meeting of the Company.

*Prateek Aggarwal*

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**Prateek Aggarwal**  
**Authorised Director**

*Sridharan S*

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**Sundaram Sridharan**  
**Authorised Director**



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## **Independent Auditor's Report**

### **To the shareholder of HCL Technologies (Pty) Ltd**

#### **Report on the audit of the financial statements**

##### ***Opinion***

We have audited the financial statements of HCL Technologies (Pty) Ltd (the company) set out on pages 7 to 33, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of HCL Technologies (Pty) Ltd as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

##### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### ***Other information***

The directors are responsible for the other information. The other information comprises the information included in the document titled "HCL Technologies (Pty) Ltd Annual Financial Statements for the year



ended 31 March 2021", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of the directors for the financial statements***

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### ***Auditor's responsibilities for the audit of the financial statements***

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 ISAs 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 the effectiveness of the company internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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.

We communicate with the directors 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.

KPMG Inc.

A handwritten signature in black ink, appearing to be 'N. Jina', written over a light blue grid background.

Per N Jina  
Chartered Accountant (SA)  
Registered Auditor  
Director  
30 July 2021

**HCL Technologies (PTY) Limited (Formerly known as HCL Axon (Proprietary) Ltd.)**  
(Registration number 2009/003046/07)  
**Annual Financial Statements for the year ended 31 March 2021**

**Statement of comprehensive income for the year ended 31 March 2021**

	Note	31 March 2021 ZAR	31 March 2020 ZAR
Revenue from contract with customers	2	1,410,623,690	980,704,730
Cost of sales	3	(1,132,065,813)	(886,852,807)
<b>Gross Profit</b>		<b>278,557,877</b>	<b>93,851,924</b>
Other income	4	8,527,352	391,921
Selling and distribution expenses	3	(73,114,296)	(61,999,838)
Administrative expenses	3	(61,999,477)	(51,287,139)
<b>Operating profit</b>		<b>151,971,456</b>	<b>(19,043,132)</b>
Finance cost	5	(371,681)	(621,640)
<b>Profit/(loss) before taxation</b>		<b>151,599,775</b>	<b>(19,664,771)</b>
Taxation	6	(45,961,526)	(31,190,273)
Profit/(loss) after taxation		<b>105,638,249</b>	<b>(50,855,044)</b>
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		<b>105,638,249</b>	<b>(50,855,044)</b>

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**HCL Technologies (PTY) Limited (Formerly known as HCL Axon (Proprietary) Ltd.)**

(Registration number 2009/003046/07)

**Annual Financial Statements for the year ended 31 March 2021****Statement of Financial Position as at 31 March 2021**

	Note	31 March 2021 ZAR	31 March 2020 ZAR
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property , Plant and Equipment	7	45,204,212	124,296,465
Right of use assets	26	-	714,342
Intangible Assets	8	47,135,170	3,175,882
Goodwill	9	124,730,903	124,730,903
Non-Current Receivables	10	99,316,040	56,643,366
Deferred Contract Cost	11	30,841,875	6,706,344
Deferred tax assets (Net)	12	3,175,755	6,581,825
		<b>350,403,955</b>	<b>322,849,127</b>
<b>Current Assets</b>			
Cash and Cash Equivalents	13	248,734,608	68,607,123
Receivable from Ultimate Holding Company and Fellow Subsidiaries	14	19,686,412	16,526,212
Inventories	15	2,336,819	547,425
Contract Assets		4,042,853	251,853
Unbilled Receivables	16	15,283,734	58,391,090
Trade Receivables	17	272,919,566	235,919,329
Other Receivables	17	29,873,052	21,710,696
Finance Lease Receivables	18	32,329,259	13,062,512
Deferred Contract Cost	11	32,182,418	19,307,183
		<b>657,388,721</b>	<b>434,323,423</b>
<b>Total Assets</b>		<b>1,007,792,676</b>	<b>757,172,550</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share Capital	19	87,000,000	87,000,000
Share Based Payment Reserve	20	103,175,741	103,175,741
Retained Earnings		327,538,678	221,900,429
		<b>517,714,419</b>	<b>412,076,170</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Contract Liability	21	4,586,951	2,954,290
Provisions	22	-	35,718
		<b>4,586,951</b>	<b>2,990,008</b>
<b>Current Liabilities</b>			
Loan from Fellow Subsidiaries	23	10,195,100	11,038,250
Owed to Ultimate Holding Company and Fellow Subsidiaries	24	275,944,778	112,976,740
Trade and Other Payables	25	141,249,805	185,823,536
Contract Liability	21	37,306,353	22,844,841
Lease Liability	26	-	669,530
Income Tax Payable	27	11,286,786	1,903,810
Provisions	22	9,508,484	6,849,665
		<b>485,491,306</b>	<b>342,106,372</b>
<b>Total Equity and Liabilities</b>		<b>1,007,792,676</b>	<b>757,172,550</b>

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**HCL Technologies (PTY) Limited (Formerly known as HCL Axon (Proprietary) Ltd.)**

(Registration number 2009/003046/07)

**Annual Financial Statements for the year ended 31 March 2021****Statement of changes in equity for the year ended 31 March 2021**

	Share Capital	Share Based Payment Reserve	Retained Earnings	Total Equity
	ZAR	ZAR	ZAR	ZAR
<b>At April 1, 2019</b>	87,000,000	-	507,680,703	594,680,703
Total comprehensive Expense	-	-	(50,855,044)	(50,855,044)
Dividend Paid	-	-	(234,925,230)	(234,925,230)
Share based payment expense	-	103,175,741	-	103,175,741
<b>Balance at March 31, 2020</b>	<b>87,000,000</b>	<b>103,175,741</b>	<b>221,900,429</b>	<b>412,076,170</b>
<b>At April 1, 2020</b>	87,000,000	103,175,741	221,900,429	412,076,170
Total comprehensive Income	-	-	105,638,249	105,638,249
<b>Balance at March 31, 2021</b>	<b>87,000,000</b>	<b>103,175,741</b>	<b>327,538,678</b>	<b>517,714,419</b>

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**HCL Technologies (PTY) Limited (Formerly known as HCL Axon (Proprietary) Ltd.)**

(Registration number 2009/003046/07)

**Annual Financial Statements for the year ended 31 March 2021****Statement of Cash Flows for the year ending 31 March 2021**

	Note	31 March 2021 ZAR	31 March 2020 ZAR
<b>Cash flows from operating activities</b>			
Profit/(Loss) before tax		151,599,775	(19,664,771)
<b>Adjusted for :</b>			
Depreciation and amortization		42,631,867	21,276,001
Depreciation for right of use asset		722,779	575,823
Interest income		(6,247,247)	(4,971,370)
Loss on sale of fixed assets		4,845	12,068
Unrealized foreign currency gains and losses		(2,203,866)	432,301
Share based payment charge		-	103,175,741
(Reversal)/charge of provision for bad debts		(5,955,684)	2,314,721
Interest expenses		275,428	445,132
<b>Cash inflows before working capital changes</b>		<b>180,827,897</b>	<b>103,595,646</b>
<b>Movement in working capital changes</b>			
Increase in Trade and other receivables		(75,118,479)	(45,975,247)
(Increase) / Decrease in Receivable from fellow subsidiaries		(3,459,315)	3,788,181
(Increase) / Decrease in Inventories		(1,789,394)	12,304,384
Decrease / (Increase) in Unbilled receivable		43,107,355	(18,555,523)
(Increase) / Decrease in Non-current receivables		(66,809,009)	3,538,766
Increase / (Decrease) in Owed to ultimate holding company and fellow subsidiaries		163,992,051	(21,629,922)
(Decrease) / Increase in Trade and other payables		(44,515,762)	118,335,016
Increase in Contract liability		16,094,173	4,592,468
Increase in Provisions		2,628,644	133,316
<b>Cash flow from operations</b>		<b>214,958,161</b>	<b>160,127,085</b>
Income Tax paid		(33,172,478)	(36,652,995)
<b>Net cash inflow from operating activities</b>		<b>181,785,683</b>	<b>123,474,090</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets		(6,066,041)	(70,582,745)
Payment on account of business combination		-	(8,491,593)
Purchase of intangible assets		(1,446,144)	-
Interest income		6,537,220	4,921,316
<b>Net cash used in investing activities</b>		<b>(974,965)</b>	<b>(74,153,023)</b>
<b>Cash flows from financing activities</b>			
Payment of lease liabilities		(683,233)	(620,635)
Repayment of loan from fellow subsidiaries		-	1,000,000
Interest paid		-	(61,516)
Dividend Paid		-	(234,925,230)
<b>Net cash used in financing activities</b>		<b>(683,233)</b>	<b>(234,607,381)</b>
Net decrease in cash and cash equivalents		180,127,485	(185,286,314)
Cash and cash equivalents at the beginning of the year		68,607,123	253,893,437
<b>Cash and cash equivalents at the end of the year *</b>	<b>13</b>	<b>248,734,608</b>	<b>68,607,123</b>

\*Cash and cash equivalent represent balance with bank.

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**Annual Financial Statements for the year ended 31 March 2021**

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**Accounting policies**

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**1. Presentation of Annual Financial Statements**

The Annual Financial Statements set out on pages 7 to 32 are prepared on the historical cost basis. The company's significant accounting policies conform with International Financial Reporting Standards.

The company's financial statements are presented in South African Rand (ZAR), which is also its functional currency.

The financial statements for the year ended 31st March 2021 were approved and authorized for issue by the Board of Directors on 29 July 2021.

**1.1 Property, plant and equipment**

Plant and equipment is initially recorded at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes all costs directly attributable to bringing the assets to working condition for their intended use. Cost also includes borrowing costs and any fair value gains or losses on qualifying cash flow hedges of plant and equipment that are transferred from the hedging reserves.

Subsequent expenditure relating to property, plant and equipment that has already been recognized is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All repair and maintenance expenses are recognized in profit or loss when incurred.

Depreciation is recorded by a charge to statement of comprehensive income computed on a straight-line basis so as to write off the cost of the assets over their expected useful lives.

Plant and machinery	10 years
Office equipment	5 years
Computer equipment	4 to 5 years
Furniture and fittings	7 years

Property, plant and equipment under construction and cost of assets not ready for use at the year-end are disclosed as "Under Construction".

The residual values, estimated useful lives and depreciation methods of plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognized in the profit or loss when the changes arise.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gains or losses on derecognition of the asset is included in the Statement of Comprehensive Income in the year in which the item is disposed. Where the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is written down to its recoverable amount through the statement of comprehensive income

**1.2 Tax**

**Current tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

**Deferred Tax**

Deferred tax is provided, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax. The principle temporary differences arise from depreciation on plant and equipment, provisions and tax losses carried forward. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which to utilise the deferred tax asset.

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

**1.3 Leases**

A lease is a contract that contains right to control the use of an identified asset for a period of time in exchange for consideration.

## **Accounting policies**

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### **1.3 Leases (continued)**

#### **Company as a lessee**

Company is lessee in case of office space. These leases are evaluated to determine whether it contains lease based on principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors as defined in IFRS 16.

Effective 1 April 2019, all leases with a term of more than 12 months are recognized as right-of-use assets along with associated lease liabilities, in the balance sheet.

Right-of-use asset represents the Company's right to control the underlying assets under lease and the lease liability is the obligation to make the lease payments related to the underlying asset under lease. Right-of-use asset is measured initially based on the lease liability adjusted for any initial direct costs, prepaid rent, and lease incentives. Right-of-use asset is depreciated based on straight line method over the lease term or useful life of right-of-use asset, whichever is less. Subsequently, right-of-use asset is measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of lease liability.

The lease liability is measured at the lease commencement date and determined using the present value of the minimum lease payments not yet paid and the Company's incremental borrowing rate, which approximates the rate at which the Company would borrow, in the country where the lease was executed. The Company has used a single discount rate for a portfolio of leases with reasonably similar characteristics. The lease payment comprises fixed payment less any lease incentives, variable lease payment that depends on an index or a rate, exercise price of a purchase option if the Company is reasonably certain to exercise the option and payment of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease. Lease liability is subsequently measured by increase the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made and remeasuring the carrying amount to reflect any reassessment or modification, if any.

The Company has elected to not recognize leases with a lease term of 12 months or less in the balance sheet, including those acquired in a business combination, and lease costs for those short-term leases are recognized on a straight line basis over the lease term in the statement of comprehensive income. For all asset classes, the Company has elected the lessee practical expedient to combine lease and non-lease components and account for the combined unit as a single lease component in case there is no separate payment defined under the contract.

#### **Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the year in which they are earned or contingency is resolved.

Leases in which the company transfers substantially all the risk and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the present value of lease receivable. After initial recognition, the company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance leases. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal cost, brokerage cost etc. are recognized immediately in the statement of profit and loss.

When arrangements include multiple performance obligations, the company allocates the consideration in the contract between the lease components and the non-lease components on a relative standalone selling price basis.

### **1.4 Intangible assets**

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

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the Statement of Comprehensive Income in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

## Accounting policies (continued)

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### 1.4 Intangible assets (continued)

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Comprehensive Income in the expense category consistent with the function of the intangible assets. The following are the finite lives of the intangible assets in the company.

Category	Finite lives
Customer Relationship	10 years
Intellectual Property	5 years
Software Application	3 years
Order Backlog	3 years

### 1.5 Business combinations and goodwill

Business combinations are accounted using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

### 1.6 Financial instruments

#### Financial assets

All financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value measured on initial recognition of financial asset. Purchase and sale of financial assets are accounted for at trade date.

#### *Cash and cash equivalents*

Cash and cash equivalents in the balance sheet comprise cash in banks and short-term deposits and investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purposes of the cash flow statement, cash and cash equivalents are considered 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.

#### *Financial assets at amortized cost*

A financial asset is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

**Accounting policies (continued)**

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**1.6 Financial instruments (continued)**

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss. This category includes cash and bank balances, loans, unbilled receivables, trade and other receivables.

*Financial assets at Fair Value through Other Comprehensive Income (OCI)*

A financial asset is classified and measured at fair value through OCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent solely payments of principal and interest

Financial asset included within the OCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in OCI. Interest income is recognized in statement of profit and loss for debt instruments. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from OCI to statement of profit and loss.

*Financial assets at Fair Value through Profit and Loss*

Any financial asset, which does not meet the criteria for categorization at amortized cost or at fair value through other comprehensive income, is classified at fair value through profit and loss. Financial assets included at the fair value through profit and loss category are measured at fair value with all changes recognized in the statement of profit and loss.

*Equity investments*

All equity instruments are initially measured at fair value and are subsequently re-measured with all changes recognized in the statement of profit and loss. In limited circumstances, investments, for which sufficient, more recent information to measure fair value is not available cost represents the best estimate of fair value within that range.

*Derecognition of financial assets*

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired, or the entity has transferred its rights to receive cash flows from the asset.

*Impairment of financial assets*

The entity recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Lifetime ECL allowance is recognized for trade receivables with no significant financing component. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case they are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognized in statement of profit and loss.

Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

*Financial liabilities at fair value through profit or loss*

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition. Changes in fair value of such liability are recognized in the statement of profit or loss.

*Financial liabilities at amortized cost*

The Company's financial liabilities at amortized cost includes trade payables, borrowings including bank overdrafts and other payables.

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method except for deferred consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. Gains and losses are recognized in the statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

## Accounting policies (continued)

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### 1.6 Financial instruments (continued)

#### *Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

#### *Offsetting of financial instruments*

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

### 1.7 Provisions

Provisions are recognised where the company has a present legal or constructive obligation as a result of a past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The company recognises the estimated liability on all products still under warranty at the balance sheet date. This provision is calculated based on service histories. Employee entitlements to annual leave are recognised when leave accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

### 1.8 Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income. Such balances are translated at year end exchange rates unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used.

### 1.9 Revenue recognition

#### Revenue from contracts with customers

Revenue from contracts with customers is recognised when the control of goods or services is transferred to the customers, at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to be that which the Company will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Company and the customer at contract inception. When the contract contains a financing component which provides the Company a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Revenue from the sale of goods is recognised on the transfer of the significant risks and rewards of ownership, which generally, coincides with the time of delivery of goods.

Revenue from sale of services is recognised when it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of returns and discounts.



**Accounting policies (continued)**

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**1.09 Revenue recognition (continued)**

Other income

Interest income for all financial instruments measured at amortized cost is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. Interest income is included in other income in the statement of profit and loss.

**Contract balances**

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

**1.10 Retirement benefits**

The company's contribution to the defined contribution plan is charged to the Statement of comprehensive income in the year to which it relates.

**1.11 Fair value measurement**

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

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.

The Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers

**1.12 Impairment**

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present

**Annual Financial Statements for the year ended 31 March 2021**

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value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These

**Accounting policies (continued)**

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**1.12 Impairment (continued)**

calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. Impairment losses of continuing operations are recognised in the Statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

The following criteria are also applied in assessing impairment of assets:

**Goodwill**

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

**Intangible assets**

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

**1.13 Inventories**

Stock in trade, stores and spares are valued at the lower of the cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Cost of stock in trade procured for specific projects is assigned by identification of individual costs of each item. Cost of stock in trade, that are interchangeable and not specific to any project and cost of stores and spare parts are determined using the weighted average cost formula.

**1.14 Value Added Tax**

Expenses and assets are recognised net of the amount of Value Added Tax, except:

i) When the Value Added Tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the Value Added Tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

ii) When receivables and payables are stated with the amount of Value Added Tax included.

The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**1.15 Cash and Cash Equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts, where applicable. For cash subjected to restriction, where applicable, assessments are made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

## Accounting policies (continued)

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### 1.16 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

### 1.17 Equity settled Share based payment

#### Share based payment arrangements

The grant date fair value of equity-settled share-based payment arrangements granted is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is not true-up for differences between expected and actual outcomes.

### 1.18 Significant accounting judgements and estimates

#### Judgements

In the process of applying the accounting policies, management has made no judgements, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

#### Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, within the next financial year, are discussed below.

#### Depreciation rates

Property, plant and equipment are depreciated on a straight line basis over the expected useful lives of the various classes of assets, after taking into account residual values. During the year management revised the estimated useful life of assets as stated in note 1.1.

#### Trade accounts receivable

The impairment provisions for trade receivables and other receivables are based on assumptions about expected credit losses. The Company uses judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is outstanding as well as the Company's historical experience and forward-looking information at the end of each reporting period. Changes in these assumptions and estimates could materially affect the results of the assessment and it may be necessary to make an additional impairment charge to profit or loss.

#### Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value of the cash-generating unit to which goodwill has been allocated. The value in use is determined via a discounted cash flow which requires the directors to forecast cash flows, growth into perpetuity and a weighted average cost of capital.

#### Recovery of deferred tax assets

Deferred tax assets are recognized for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilize those temporary differences. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies.

### 1.19 New Standards and Interpretations

A number of new standards, amendments to standards, interpretations and amendments are effective for annual periods beginning on or after 31 March 2021 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company do not plan to early adopt these standards. These will be adopted in the period that they become mandatory unless otherwise indicated.

The company is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

Accounting policies (continued)

1.19 New Standards and Interpretations (continued)

Standard/Interpretation		Date issued by IASB	Effective date Periods beginning on or after
IFRS 16 amendment	<i>COVID-19 Related Rent Concessions</i>	May 2020 (subsequent amendment March 2021)	1 June 2020 (subsequent amendment effective 1 April 2021)
<i>IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Amendments</i>	<i>Interest Rate Benchmark Reform – Phase 2</i>	August 2020	1 January 2021
IAS 37 amendment	<i>Onerous Contracts: Cost of Fulfilling a Contract</i>	May 2020	1 January 2022
IFRS 1, IFRS 9, IFRS 16 and IAS 41 amendments	<i>Annual Improvements to IFRS Standards (2018 – 2020)</i>	May 2020	1 January 2022
IAS 16 amendment	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>	May 2020	1 January 2022
IFRS 3 amendment	<i>Reference to the Conceptual Framework</i>	May 2020	1 January 2022
IAS 1 amendment	<i>Classification of liabilities as current or non-current</i>	January 2020	1 January 2023
IAS 8 amendment	<i>Definition of Accounting Estimates</i>	February 2021	1 January 2023
IAS 1 and IFRS Practice Statement 2 amendment	<i>Disclosure Initiative: Accounting Policies</i>	February 2021	1 January 2023
IAS 12 amendment	<i>Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction</i>	May 2021	1 January 2023
IFRS 10 and IAS 28 amendment	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	September 2014	Deferred indefinitely by amendments made in December 2015

**HCL Technologies (PTY) Limited (Formerly known as HCL Axon (Proprietary) Ltd.)**

(Registration number 2009/003046/07)

**Annual Financial Statements for the year ended 31 March 2021**

**Notes to the financial statements**

	31 March 2021	31 March 2020
	ZAR	ZAR
<b>2 Revenue from contract with customers</b>		
<b>Total revenue comprises:</b>		
Service Income	1,286,001,669	881,626,441
Sale of goods*	28,991,786	75,596,250
Sale under financial lease	94,214,657	16,531,294
Interest income on leased assets	1,415,578	6,950,745
	<b>1,410,623,690</b>	<b>980,704,730</b>
*Sale of goods comprises of sale of IT hardware items to customers		
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	124,622,021	99,078,289
Services transferred over time	1,286,001,669	881,626,441
<b>Total revenue from contract with customers</b>	<b>1,410,623,690</b>	<b>980,704,730</b>
<b>3 The companys' profit before tax is arrived at after charging:</b>		
Depreciation on plant and equipment	19,880,757	19,431,145
Depreciation on ROU	722,779	1,165,178
Amortization of intangibles assets	22,751,110	1,844,857
Operating lease expense	96,636	277,167
Auditor's remuneration	560,000	185,200
(Reversal)/charge of provision for bad debts	(5,955,684)	2,314,721
Consulting Charges	620,810,253	426,065,936
Share based payment expense	-	103,175,741
Cost of goods sold	90,192,566	71,793,134
Loss on sale of capital assets	4,845	12,068
<b>Employee Benefits</b>		
Salaries	175,305,824	175,937,105
Bonus	14,536,070	5,951,020
Pension costs - defined contribution plan	1,505,469	937,624
<b>4 Other Income</b>		
Interest income	6,247,247	4,983,439
Exchange gain/(loss) Net	2,280,105	(4,591,517)
	<b>8,527,352</b>	<b>391,921</b>
<b>5 Finance costs</b>		
<b>Interest Expense</b>		
On loan from fellow subsidiaries	261,725	383,617
Interest expense on lease liability	13,703	61,516
Fair value changes on liabilities carried at fair value through profit and loss	26,555	79,664
Bank charges	68,382	95,678
Late payment	1,316	1,165
	<b>371,681</b>	<b>621,640</b>
<b>6 Taxation</b>		
The major components of income tax expenses		
<b>Current Income Tax:</b>		
Current Income Tax Charge	39,186,711	30,457,050
Others	3,494,091	-
Prior year under/(excess) provision	(125,346)	5,351,793
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	3,261,796	(4,092,419)
Deferred tax Prior year under provision	144,274	(526,151)
	<b>45,961,526</b>	<b>31,190,273</b>
<b>Reconciliation of tax expense and the accounting profit</b>		
Accounting profit/(loss) before income tax	151,599,775	(19,664,771)
Statutory income tax rate of 28% (2020: 28%)	42,447,937	(5,506,138)
Adjustments in respect of current income tax of previous years	(125,346)	5,351,793
Adjustments in respect of deferred income tax of previous years	144,274	(526,151)
Non-deductible expenses for tax purposes:	570	29,374,226
Tax on interest income for tax purposes:	-	(886)
Others	3,494,091	2,497,429
At the effective income tax rate of 28% (2020: 28%)	<b>45,961,526</b>	<b>31,190,273</b>
Income tax expense reported in the statement of profit or loss	<b>45,961,526</b>	<b>31,190,273</b>

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Notes to the financial statements (Continued)

7. Property, Plant and Equipment

	Computer Equipment (ZAR)	Plant Machinery (ZAR)	Office Equipment (ZAR)	Furniture and Fittings (ZAR)	Under Construction (ZAR)	Total (ZAR)
<b>At 01 April 2019</b>	<b>90,293,826</b>	<b>221,400</b>	<b>759,369</b>	<b>2,315,075</b>	<b>1,882,599</b>	<b>95,472,269</b>
Additions	6,756,947	-	380,272	-	63,445,525	70,582,745
Disposal	(1,199,563)	-	-	-	-	(1,199,563)
<b>At March 31, 2020</b>	<b>95,851,210</b>	<b>221,400</b>	<b>1,139,641</b>	<b>2,315,075</b>	<b>65,328,124</b>	<b>164,855,450</b>
<b>At 01 April 2020</b>	<b>95,851,210</b>	<b>221,400</b>	<b>1,139,641</b>	<b>2,315,075</b>	<b>65,328,124</b>	<b>164,855,450</b>
Additions	5,896,212	-	100,082	61,310	-	6,057,604
Disposal	(3,065,473)	-	(689,077)	(286,022)	-	(4,040,572)
Amount capitalized to software	-	-	-	-	(65,264,254)	(65,264,254)
<b>At March 31, 2021</b>	<b>98,681,949</b>	<b>221,400</b>	<b>550,646</b>	<b>2,090,363</b>	<b>63,870</b>	<b>101,608,228</b>

Accumulated Depreciation

	Computer Equipment (ZAR)	Plant Machinery (ZAR)	Office Equipment (ZAR)	Furniture and Fittings (ZAR)	Under Construction (ZAR)	Total (ZAR)
<b>At March 31, 2019</b>	<b>(19,876,344)</b>	<b>(86,558)</b>	<b>(759,369)</b>	<b>(1,593,064)</b>	<b>-</b>	<b>(22,315,335)</b>
Depreciation Charged during the year	(19,115,921)	(22,140)	(36,143)	(256,941)	-	(19,431,145)
Retirement	1,187,495	-	-	-	-	1,187,495
<b>At March 31, 2020</b>	<b>(37,804,770)</b>	<b>(108,698)</b>	<b>(795,512)</b>	<b>(1,850,005)</b>	<b>-</b>	<b>(40,558,985)</b>
Depreciation Charged during the year	(19,678,259)	(22,140)	(80,058)	(100,301)	-	(19,880,758)
Retirement	3,060,628	-	689,077	286,022	-	4,035,727
<b>At March 31, 2021</b>	<b>(54,422,401)</b>	<b>(130,838)</b>	<b>(186,493)</b>	<b>(1,664,284)</b>	<b>-</b>	<b>(56,404,016)</b>

Net Book Value

<b>At March 31, 2021</b>	<b>44,259,548</b>	<b>90,562</b>	<b>364,153</b>	<b>426,079</b>	<b>63,870</b>	<b>45,204,212</b>
<b>At March 31, 2020</b>	<b>58,046,440</b>	<b>112,702</b>	<b>344,129</b>	<b>465,070</b>	<b>65,328,124</b>	<b>124,296,465</b>

8. Intangible Assets

	Customer Relationship (ZAR)	Software Application (ZAR)	Total (ZAR)
<b>At March 31, 2019</b>	<b>17,375,385</b>	<b>2,039,922</b>	<b>19,415,307</b>
Additions	3,437,235	-	3,437,235
<b>At March 31, 2020</b>	<b>20,812,620</b>	<b>2,039,922</b>	<b>22,852,542</b>
Amount capitalized during the year	-	65,264,254	65,264,254
Additions	-	1,446,144	1,446,144
Disposal	-	(173,679)	(173,679)
<b>At March 31, 2021</b>	<b>20,812,620</b>	<b>68,576,641</b>	<b>89,389,261</b>

Accumulated Amortisation

	Customer Relationship (ZAR)	Software Application (ZAR)	Total (ZAR)
<b>At March 31, 2019</b>	<b>(16,796,205)</b>	<b>(1,035,599)</b>	<b>(17,831,804)</b>
Amortisation, charge for the year	(840,533)	(1,004,323)	(1,844,856)
<b>At March 31, 2020</b>	<b>(17,636,738)</b>	<b>(2,039,922)</b>	<b>(19,676,660)</b>
Amortisation, charge for the year	(595,488)	(22,155,622)	(22,751,110)
Amortisation reversal on assets	-	173,679	173,679
<b>At March 31, 2021</b>	<b>(18,232,226)</b>	<b>(24,021,865)</b>	<b>(42,254,091)</b>

Net Book Value

<b>At March 31, 2021</b>	<b>2,580,394</b>	<b>44,554,776</b>	<b>47,135,170</b>
<b>At March 31, 2020</b>	<b>3,175,882</b>	<b>(0)</b>	<b>3,175,882</b>

The gross carrying amount of fully depreciated property plant & equipment & intangible's, that is still in use as at 31st March 2021 is ZAR 10,031,604.

	31 March 2021 ZAR	31 March 2020 ZAR
<b>9. Goodwill</b>		
Opening balance	124,730,903	118,714,119
Goodwill arising from business combinations	-	5,054,358
Deferred tax	-	962,426
	<b>124,730,903</b>	<b>124,730,903</b>

The table below shows the values and lives of intangible assets recognized on acquisition:

Asset description	Amount (ZAR)	Life (Years)	Basis of amortization
Customer relationships	3,437,235	10	In proportion of estimated revenue
Goodwill	6,016,784	-	-

Impairment testing for cash generating units ("CGU") containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

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**Notes to the financial statements (Continued)**

	31 March 2021 ZAR	31 March 2020 ZAR		
<b>9 Goodwill (continued)</b>				
The aggregate carrying amounts of goodwill allocated	124,730,903	124,730,903		
	<b>124,730,903</b>	<b>124,730,903</b>		
The recoverable amount of the unit was based on its value in use, determined by discounting the future cash flows that generated from the business acquired. Value in use was computed based on the following key assumptions:				
i.) Cash flows were projected based on the financial year ended 31 March 2021 actual operating results and the Company's 5-years business plan, with average net margin applied of 9% (2020: 9%) per annum for the years 2021 to 2025.				
ii.) The terminal value was estimated using the perpetuity growth model, with a weighted average growth rate to perpetuity of 2% (2020: 2%).				
iii.) A pre-tax discount rate of 8% (2020: 8%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on an industry average weighted average cost of capital.				
With regard to the assessment of value in use of this CGU, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of this CGU to differ materially from its recoverable amount except for the changes in the prevailing operating environment, the impact of which is not expected to be significant.				
<b>10 Non-Current Receivables</b>				
Finance lease receivables	90,365,912	38,085,175		
Deposits	126	352,393		
Prepaid expenses	1,904,529	4,166,172		
Unbilled receivables	7,045,473	14,039,626		
	<b>99,316,040</b>	<b>56,643,366</b>		
<b>11 Deferred Contract Cost</b>				
<b>Non Current</b>				
Deferred contract cost - group (refer note 31 (d))	-	464,552		
Deferred contract cost - Non group	30,841,875	6,241,792		
	<b>30,841,875</b>	<b>6,706,344</b>		
<b>Current</b>				
Deferred contract cost - group (refer note 31 (d))	18,453,641	17,817,436		
Deferred contract cost - Non group	13,728,777	1,489,747		
	<b>32,182,418</b>	<b>19,307,183</b>		
	<b>63,024,293</b>	<b>26,013,527</b>		
<b>12 Deferred Tax</b>				
Deferred tax relates to the following:				
	<b>Statement of Financial Position</b>	<b>Statement of Comprehensive Income</b>		
	<b>31 March 2021</b>	<b>31 March 2020</b>		
	<b>31 March 2021</b>	<b>31 March 2020</b>		
Intangible assets	-	-	-	-
Obsolete inventory	56,000	765,398	709,398	(694,568)
Contract liability / Deferred contract cost (Net)	11,589,443	7,194,522	(4,394,921)	712,484
Bonus provision	1,657,268	1,133,949	(523,319)	21,188
Other current assets	1,625,303	812,652	(812,651)	(696,765)
Leave pay provision	1,005,107	767,656	(237,451)	(37,876)
Provision for doubtful debts	714,632	1,934,083	1,219,451	(486,091)
Other provisions	-	9,916	9,916	(9,916)
Tangible assets	(140,895)	-	140,895	-
Net Prepayment	(2,280,456)	(707,905)	1,572,552	(2,413,565)
IPR amortization cost	(722,510)	(889,247)	(166,737)	(235,348)
Leases	(10,328,137)	(4,439,200)	5,888,937	(778,113)
<b>Deferred tax benefit / (expense)</b>	<b>-</b>	<b>-</b>	<b>3,406,070</b>	<b>(4,618,570)</b>
<b>Net deferred tax assets</b>	<b>3,175,755</b>	<b>6,581,825</b>	<b>3,175,755</b>	<b>6,581,825</b>
Reflected in the statement of financial position as follows:				
Deferred tax assets			16,647,753	12,618,177
Deferred tax liabilities			(13,471,998)	(6,036,352)
<b>Net deferred tax assets</b>			<b>3,175,755</b>	<b>6,581,825</b>
Reconciliation of deferred tax assets, net				
<b>As of 1 April 2020</b>			6,581,825	2,925,677
Intangibles in relation to acquisition			-	(962,422)
Tax income (expense) during the year recognized in profit and loss			(3,406,070)	4,618,570
<b>As at 31 March 2021</b>			<b>3,175,755</b>	<b>6,581,825</b>
<b>13 Cash and cash equivalents</b>				
Cash at Bank			54,734,608	43,607,123
Term Deposit			194,000,000	25,000,000
			<b>248,734,608</b>	<b>68,607,123</b>
<b>14 Receivable from ultimate Holding company and fellow subsidiary</b>				
Trade Receivable-group (refer note 31 (d))			19,660,300	16,236,239
Interest receivable on Loan-group (refer note 31 (d))			-	289,973
Unbilled receivables (refer note 31 (d))			26,112	-
			<b>19,686,412</b>	<b>16,526,212</b>

Amount due from ultimate holding and fellow subsidiaries are unsecured, interest-free and repayable under normal trading terms.

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	31 March 2021 ZAR	31 March 2020 ZAR
<b>15 Inventories</b>		
Inventory in hand	3,817,853	3,280,988
Less: Provision for inventory	(1,481,034)	(2,733,563)
	<b>2,336,819</b>	<b>547,425</b>
Inventories are components that are used to support the company's installation service with customers. These are mainly servers, storage devices, backup devices & networking equipment which are purchased from vendor and will be billed to the customer as and when the project requirement got received.		
<b>16 Unbilled Receivables</b>		
Unbilled Receivables	15,283,734	58,828,629
Accrued Revenue	-	(437,539)
	<b>15,283,734</b>	<b>58,391,090</b>
<b>17 Trade and other receivables</b>		
Trade receivables	277,173,329	245,129,248
Less: Provision for doubtful debt	(4,253,763)	(9,209,919)
	<b>272,919,566</b>	<b>235,919,329</b>
Other receivables	35,677,707	24,613,024
Less: Provision for other current assets	(5,804,655)	(2,902,328)
	<b>29,873,052</b>	<b>21,710,696</b>

Trade receivables are generally non-interest bearing and are generally realised on an average of 30-60 days

**As at March 31, 2021 the ageing analysis of trade receivables is as follows:**

Total	Neither past due nor impaired (Up to 30 days)	Past due but not impaired		
		31-60 Days	61-180 Days	180> Days
272,919,566	164,045,659	92,080,299	10,734,034	6,059,573

**As at 31 March 2021**

	Current	Upto 6 months past due	Over 6 months past due	Total
Expected credit loss rate (%)	0.16	0.19	62.38	1.53
Gross carrying amount (ZAR)	168,299,422	102,814,334	6,059,573	<b>277,173,329</b>
Expected credit loss (ZAR)	275,917	197,742	3,780,104	<b>4,253,763</b>

**As at March 31, 2020 the ageing analysis of trade receivables is as follows:**

Total	Neither past due nor impaired (Up to 30 days)	Past due but not impaired		
		31-60 Days	61-180 Days	180> Days
235,919,329	148,211,373	58,640,637	14,166,436	14,900,883

**As at 31 March 2020**

	Current	Upto 6 months past due	Over 6 months past due	Total
Expected credit loss rate (%)	0.44	1.38	50.43	3.76
Gross carrying amount (ZAR)	157,421,292	72,807,073	14,900,883	<b>245,129,248</b>
Expected credit loss (ZAR)	690,613	1,005,328	7,513,979	<b>9,209,919</b>

**18 Finance Lease Receivables**

The future minimum sublease payments expected to be received under non cancellable lease of equipments and applicable software licences are as follows:-

**31 March, 2021**

Year	Minimum Lease Rent Receivable	Present Value of Lease Rent Receivable	Interest Included in Lease Rent Receivable
2021-22	38,315,386	32,329,259	5,986,126
2022-23	36,492,643	32,520,038	3,972,605
2023-24	30,838,860	28,945,200	1,893,660
2024-25	20,309,957	19,561,988	747,969
2025-26	9,440,928	9,338,686	102,242
<b>Total</b>	<b>135,397,774</b>	<b>122,695,171</b>	<b>12,702,602</b>

**31 March, 2020**

Year	Minimum Lease Rent Receivable	Present Value of Lease Rent Receivable	Interest Included in Lease Rent Receivable
2020-21	17,306,977	13,062,512	4,244,465
2021-22	16,472,958	13,342,346	3,130,612
2022-23	15,982,487	14,147,127	1,835,360
2023-24	10,900,681	10,476,243	424,437
2024-25	128,775	119,459	9,316
<b>Total</b>	<b>60,791,878</b>	<b>51,147,687</b>	<b>9,644,190</b>

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**Annual Financial Statements for the year ended 31 March 2021****Notes to the financial statements (Continued)**

	31 March 2021 ZAR	31 March 2020 ZAR
<b>19 Share capital</b>		
<b>Authorized</b>		
200,000,000 (2020 : 20,000,000) ordinary shares of ZAR 1 each	200,000,000	200,000,000
<b>Issued</b>		
87,000,000 (2020: 87,000,000) ordinary shares of ZAR 1 each	<b>87,000,000</b>	<b>87,000,000</b>

**20 Share Based Payment Reserve**

Share Based Payment Reserve	<b>103,175,741</b>	<b>103,175,741</b>
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For meeting the requirements of Broad-Based Black Economic Empowerment Act of South Africa and attaining the requisite shareholding requirement of 51.8% black ownership in HCL Technologies Pty Limited (operating entity), necessary restructuring took place, wherein Axon Group Limited (part of HCL group) donated its 30% holding in Anzospan Investment Pty Limited to HCL Foundation Trust and Anzospan Investment Pty Limited sold its 24% shares held in HCL Technologies South Africa Pty Limited each to HCL BEE Trust and HCL Ownership Trust respectively, created for the benefit of black people.

The aforesaid transaction is considered as equity-settled share-based payment transaction and gives rise to a share based payment expense based on BEE credentials received by the company as a result of the same. Since there are no vesting condition in the transaction, the underlying instruments is measured at fair value and share based expense are recognized immediately at the grant date.

The fair value of the share based payment plan has been measured using a Monte Carlo simulation. The inputs used in the measurement of fair value at the grant date of the equity settled share based payment plan were as follows:

Valuation date	31 January 2020
Settlement date	31 March 2025
Call option exercise date	31 March 2037
Annual dividend yield	10%
Interest Rate	10.75%
Equity value of operating company	ZAR 405 M

**21 Contract liability**

Current	37,306,353	22,844,841
Non-Current	4,586,951	2,954,290
	<b>41,893,304</b>	<b>25,799,131</b>

Contract liabilities : A contract liability arises when there is excess billing over the revenue recognized.

**22 Provisions****Current**

Leave encashment	3,589,668	2,741,629
Bonus	5,918,816	4,126,360
LD/SLA Violation	-	(18,324)
	<b>9,508,484</b>	<b>6,849,665</b>

**Non Current**

Bonus	-	35,718
	<b>-</b>	<b>35,718</b>

**Movement of provisions**

	Leave encashment	Bonus	LD/SLA Violation	Total
Opening	2,741,629	4,162,078	(18,324)	6,885,383
Charge during the year	848,039	-	-	848,039
Payout/reversal of provisions during the year	-	1,756,738	18,324	1,775,062
Closing Balance	<b>3,589,668</b>	<b>5,918,816</b>	<b>-</b>	<b>9,508,484</b>

The provision for leave pay represents the potential liability for leave days accrued, and not utilised by staff members. The provision is expected to be utilised through employee leave days or, under exceptional circumstances, to be paid to relevant employees.

The bonus provision represents the potential liability to certain staff members for bonuses calculated based on the company's financial year performance. The amounts of the bonuses are uncertain, as the bonuses are awarded at the holding company's discretion.

The LD/SLA violations are mainly liquidity damages provision provided in the cases where customer suffers consequential damages because of services performed by the company, and these damages are to be borne by the company.

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**Annual Financial Statements for the year ended 31 March 2021**

**Notes to the financial statements (Continued)**

	31 March 2021	31 March 2020
	ZAR	ZAR
<b>23 Loan from Fellow Subsidiaries</b>		
Axon Solutions Limited (refer note 31 (d))	10,195,100	11,038,250
	<b>10,195,100</b>	<b>11,038,250</b>
<p>The Company entered into unsecured short-term loan facility agreement with Axon Solutions Limited in amount of GBP 500,000. This loan is intended for the Company working capital and will be payable on demand with interest of LIBOR rate + 200 bps per annum.</p>		
<b>24 Owed to ultimate Holding company and fellow subsidiary</b>		
Trade payables - group (refer note 31 (d))	273,415,114	110,508,454
Interest payable on Loan - group (refer note 31 (d))	2,529,664	2,468,286
	<b>275,944,778</b>	<b>112,976,740</b>
<p>Amount owed to ultimate holding and fellow subsidiaries arose from normal trade transactions. They are unsecured, interest-free and repayable on normal trading terms.</p>		
<b>25 Trade and other payables</b>		
Trade payables	63,073,928	134,226,766
Accruals	32,944,331	7,036,641
Advance received from customer	3,413	-
VAT Payable	20,014,153	22,740,885
Other payables	25,213,979	21,819,244
	<b>141,249,805</b>	<b>185,823,536</b>
<p>a) Trade payables are non interest bearing and are normally settled on 30-60 day terms.                      b) VAT liability is paid within a period of one month from date of recognition.</p>		
<b>26 Leases</b>		
<p>The Company's leasing arrangements are in respect of leases for office spaces only. The Company doesn't foresee any major changes in lease terms or the leases in the foreseeable future as per current business projections after considering the impact of COVID - 19.</p> <p>The details of the right-of-use asset held by the entity is as follows:</p>		
<b>Building</b>		
<b>At 01 April 2020</b>	714,342	-
Transition impact of IFRS 16	-	2,248,970
Additions	8,437	-
Disposal	-	(384,384)
Charges for the year	(722,779)	(1,150,244)
<b>At March 31, 2021</b>	<b>-</b>	<b>714,342</b>
<p>The reconciliation of lease liabilities is as follows:</p>		
<b>At 01 April 2020</b>	669,530	-
Transition Impact of IFRS 16	-	2,371,522
Additions	-	-
Amounts recognized in statement of comprehensive income as interest expense	13,703	61,516
Payment of lease liability	(683,233)	(1,212,268)
Disposals/terminations	-	(551,240)
<b>At March 31, 2021</b>	<b>-</b>	<b>669,530</b>
<p>The following table presents a maturity analysis of expected undiscounted cash flows for lease liabilities as on 31 March 2021:</p>		
<b>Particulars</b>		
Not later than one year	-	680,458
Between one and three years	-	-
<b>Total Lease Payments</b>	<b>-</b>	<b>680,458</b>
Imputed Interest	-	10,928
<b>Total Lease Liabilities</b>	<b>-</b>	<b>669,530</b>
<b>27 Income Tax Payable</b>		
Advance Tax	(31,288,639)	(26,056,699)
Income Tax Provisions	42,575,425	27,960,509
	<b>11,286,786</b>	<b>1,903,810</b>

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**Notes to the financial statements (Continued)**

**28 Commitments**

**a) Capital commitments**

Capital commitment are for estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) as at the balance sheet date March 31, 2021 amounting to ZAR 1,138,230 (2020: ZAR 2,563,781)

**29 Financial instrument risk management**

Financial instruments carried on the statement of financial position include cash and cash equivalents, trade receivables, trade payables and borrowings. The main purpose of the financial liabilities is to raise finance for the company's operations. The financial assets arise from normal business transactions.

The main risks arising from the company's financial instruments are interest rate risk, credit risk, foreign currency risk and liquidity risk.

The board of directors reviews and agrees policies for managing each of these risks which are summarised below.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because in changes in the market interest rates. Company's exposure to the risk of changes in market interest rates relates primarily to the company's debt with floating interest rates.

Increase / (decrease) in basis points	Effect on loss for the year increase / (decrease) (in ZAR)	
	31 March 2021	31 March 2020
100	101,951	110,383
-100	(101,951)	(110,383)

**Credit risk**

Credit risk is the risk that a counter party will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The company is exposed to credit risk from its operating activities (primarily for trade receivables and loan notes) and from its financing activities, including deposit with banks and financial institutions, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by each business unit subject to company's policy, procedures and control relating to customer credit risk management. Credit limit are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating scorecard. The requirement for impairment is analysed on an individual basis for major customers. Additionally, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively.

**Exposure to credit risk**

At the balance sheet date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet as disclosed under Note 11 to the financial statements.

No collateral is held for these receivables as these receivables are considered to be reputable and credit worthy.

**Financial assets that are neither past due nor impaired**

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with a good payment record with the Company. Cash and cash equivalents, are placed with reputable financial institutions.

**Financial assets that are either past due or impaired**

Information regarding financial assets that are either past due or impaired is disclosed in Note 17 (trade receivables).

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to operating activities (when revenue or expenses are denominated in a different currency to the company's functional currency).

**Foreign currency sensitivity**

The following table demonstrates the sensitivity to a reasonable possible change in the exchange rate, with all other variables held constant, of the company's profit before tax due to changes in the fair value of monetary assets and liabilities.

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**Annual Financial Statements for the year ended 31 March 2021**

**Notes to the financial statements (Continued)**

**29 Financial instrument risk management (Continued)**

	31 March 2021		31 March 2020	
	Change in Rate	Effect on profit	Change in Rate	Effect on profit
		before tax		before tax
		ZAR		ZAR
EUR	-11%	4,301	20%	(1,628)
GBP	-8%	913,123	16%	(1,322,411)
INR	-14%	3,533	-11%	74,009
AED	-17%	1,117	0%	-
COP	-10%	241	0%	-
USD	-17%	(375,029)	23%	871,152
BRL	-25%	1,139,527	-7%	332,779
CLP	0%	-	-2%	(213)
CNY	0%	-	17%	(3,014)
SEK	-4%	393	13%	(1,349)

EUR	11%	(4,301)	-20%	1,628
GBP	8%	(913,123)	-16%	1,322,411
INR	14%	(3,533)	11%	(74,009)
AED	17%	(1,117)	0%	-
COP	10%	(241)	0%	-
USD	17%	375,029	-23%	(871,152)
BRL	25%	(1,139,527)	7%	(332,779)
CLP	0%	-	2%	213
CNY	0%	-	-17%	3,014
SEK	4%	(393)	-13%	1,349

The movement on the pre-tax effect is a result of a change in the fair value of monetary assets and liabilities denominated in currencies other than the functional currency of the entity.

**Liquidity risk**

The company monitors its risk to a shortage of funds using a recurring liquidity planning tool. The company's objective is to maintain a balance between continuity of funding and flexibility through use of loans from group companies.

<b>Liabilities</b>		<b>1 Year</b>	<b>2-5 Year</b>	<b>Over 5 Year</b>	<b>Total</b>
<b>March 31, 2021</b>					
Loan from fellow subsidiaries	2.5% p.a.	10,195,100	-	-	10,195,100
Owed to ultimate holding company fellow subsidiaries	Interest free	275,944,778	-	-	275,944,778
Trade and other payables	Interest free	141,249,805	-	-	141,249,805
<b>March 31, 2020</b>					
Loan from fellow subsidiaries	2.5% p.a.	11,038,250	-	-	11,038,250
Owed to ultimate holding company fellow subsidiaries	Interest free	112,976,740	-	-	112,976,740
Trade and other payables	Interest free	185,823,536	-	-	185,823,536
Lease liability	Interest free	669,530	-	-	669,530

**Fair value**

At March 31, 2021 the carrying amounts of cash, trade receivables, trade payables, approximate their fair values due to the short term maturities of these assets and liabilities.

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**Notes to the financial statements (Continued)**

**30 Classification of Financial Instrument**

<b>31 March 2021</b>	<b>Loans and receivables / (financial liabilities at amortized cost) ZAR</b>	<b>Non-financial assets / liabilities ZAR</b>	<b>Total ZAR</b>
<b>Assets</b>			
Trade and other receivables	272,919,566	29,873,052	302,792,618
Cash and cash equivalents	248,734,608	-	248,734,608
Contract asset	4,042,853	-	4,042,853
Unbilled receivable	15,283,734	-	15,283,734
Finance Lease Receivable	122,695,172	-	122,695,172
Deferred contract cost	-	63,024,293	63,024,293
	<b>663,675,933</b>	<b>92,897,345</b>	<b>756,573,278</b>
<b>Liabilities</b>			
Loan from fellow subsidiaries	10,195,100	-	10,195,100
Owed to parent and fellow subsidiaries	275,944,778	-	275,944,778
Trade and other payables	121,235,651	20,014,153	141,249,805
Contract liability	-	4,586,951	4,586,951
<b>Total</b>	<b>407,375,529</b>	<b>24,601,104</b>	<b>431,976,634</b>

<b>31 March 2020</b>	<b>Loans and receivables / (financial liabilities at amortized cost) ZAR</b>	<b>Non-financial assets / liabilities ZAR</b>	<b>Total ZAR</b>
<b>Assets</b>			
Trade and other receivables	235,919,329	21,710,696	257,630,024
Cash and cash equivalents	68,607,123	-	68,607,123
Contract asset	251,853	-	251,853
Unbilled receivable	58,391,090	-	58,391,090
Finance Lease Receivable	51,147,687	-	51,147,687
Deferred contract cost	-	26,013,527	26,013,527
	<b>414,317,082</b>	<b>47,724,223</b>	<b>462,041,305</b>
<b>Liabilities</b>			
Loan from fellow subsidiaries	11,038,250	-	11,038,250
Owed to parent and fellow subsidiaries	112,976,740	-	112,976,740
Trade and other payables	163,082,652	22,740,885	185,823,537
Lease liability	669,530	-	669,530
Contract liability	-	25,799,131	25,799,131
<b>Total</b>	<b>287,767,172</b>	<b>48,540,015</b>	<b>336,307,187</b>

**31 Related Party Transactions**

a) **Related parties where control exists**

**Holding company (Parent company)**

Anzospan Investment Proprietary Limited

**Ultimate holding company**

HCL Technologies Limited

b) **Related parties with whom transactions have taken place during the year**

**Ultimate holding company**

HCL Technologies Limited

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**Notes to the financial statements (Continued)**

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**31 Related Party Transactions (continued)**

**Fellow Subsidiaries**

Axon Group Limited UK  
Axon Solutions Limited  
C3i Europe Eood  
Filial Espanola De HCL Technoloiges, S.L.(HCL Spain)  
HCL (Brazil) Tecnologia Da Informacao EIRELI  
HCL (Ireland) Information Systems Limited  
HCL (New Zealand) Limited, New Zealand  
HCL America Inc.  
HCL Argentina s.a.  
HCL Asia Pacific Pte Limited  
HCL Australia Services Pty. Limited, Australia  
HCL Axon Solutions (Shanghai) Co., Limited  
HCL Belgium NV  
HCL Canada Inc. (Fy HCL Axon Technologies Inc.)  
HCL GmbH  
HCL Great Britain Limited  
HCL Guatemala, Sociedad Anonima  
HCL Hong Kong SAR Limited, Hong Kong  
HCL Hungary Kft  
HCL Istanbul Bilisim Teknolojileri Limited sirketi  
HCL Japan Limited, Japan  
HCL Latin America Holding LLC  
HCL Netherlands B.V.  
HCL Poland Sp.z.o.o.  
HCL Saudi Arabia LLC  
HCL Singapore Pte. Limited, Singapore  
HCL Sweden AB  
HCL Technologies (Shanghai) Limited  
HCL Technologies (Taiwan) Limited.  
HCL Technologies (Thailand) Limited.  
HCL Technologies Austria GmbH  
HCL Technologies Beijing Co., Limited  
HCL Technologies Belgium BVBA  
HCL Technologies BV  
HCL Technologies Chile SpA  
HCL Technologies Colombia SAS  
HCL Technologies Czech Republic s.r.o.  
HCL Technologies Denmark ApS  
HCL Technologies Finland Oy  
HCL Technologies France  
HCL Technologies Germany GmbH  
HCL Technologies Greece Single Member P.C.  
HCL Technologies Italy S.p.A.  
HCL Technologies Lanka (Private) Limited  
HCL Technologies Limited  
HCL Technologies Lithuania UAB  
HCL Technologies Malaysia SDN BHD (Fy HCL Axon Malaysia SDN BHD)  
HCL Technologies Mexico  
HCL Technologies Middle East FZ- LLC  
HCL Technologies Norway AS  
HCL Technologies Philippines Inc  
HCL Technologies South Africa (Proprietary) Limited  
HCL Technologies Sweden (IOMC)  
HCL Technologies UK Limited  
HCL Technologies Vietnam Company Limited  
JSP Consulting Sdn Bhd  
PT. HCL Technologies Indonesia

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**Notes to the financial statements (Continued)**

**C) Transactions with related parties during the year in ordinary course of business**

Particulars	Fellow Subsidiaries		Ultimate holding company	
	Year Ended	Year Ended	Year Ended	Year Ended
	March 31 2020	March 31 2020	March 31, 2021	March 31 2020
	ZAR	ZAR	ZAR	ZAR
<b>Interest expenses</b>				
Axon Solutions Limited	261,725	383,617	-	-
<b>Total</b>	<b>261,725</b>	<b>383,617</b>	-	-
<b>Insurance expenses</b>				
HCL Technologies Limited	-	-	550,201	250,473
<b>Total</b>	-	-	<b>550,201</b>	<b>250,473</b>
<b>Marketing Cost</b>				
HCL Great Britain Limited	50,272,258	37,967,111	-	-
<b>Total</b>	<b>50,272,258</b>	<b>37,967,111</b>	-	-
<b>Consulting charges</b>				
HCL Technologies Limited	-	-	554,551,715	388,192,490
Axon Solutions Limited	74,894	814,144	-	-
Filial Espanola De HCL Technoloiges, S.L.(HCL Spain)	12,819	-	-	-
HCL (Brazil) Tecnologia Da Informacao EIRELI	138,318	(394,250)	-	-
HCL Technologies Colombia SAS	555,477	538,347	-	-
HCL America Inc.	6,478,683	3,473,949	-	-
HCL Argentina s.a.	177,139	114,882	-	-
HCL Canada Inc. (Fy HCL Axon Technologies Inc.)	625,491	937,762	-	-
HCL Axon Solutions (Shanghai) Co., Limited	550,900	427,892	-	-
HCL GmbH	-	524,011	-	-
HCL Great Britain Limited	1,167,800	1,591,867	-	-
HCL Hungary Kft	-	20,006	-	-
HCL Technologies Mexico	443,509	12,998	-	-
HCL Singapore Pte. Limited, Singapore	4,221,263	54,857	-	-
HCL Technologies (Shanghai) Limited	1,247,360	735,000	-	-
HCL Technologies BV	600,378	882,788	-	-
HCL Technologies Chile SpA	40,275	-	-	-
HCL Technologies Denmark ApS	87,845	-	-	-
HCL Technologies South Africa (Proprietary) Limited	(947,794)	129,344	-	-
HCL Australia Services Pty. Limited, Australia	75,935	268,685	-	-
HCL Technologies Malaysia SDN BHD.	-	576,720	-	-
HCL Technologies Italy S.p.A.	-	28,411	-	-
HCL Technologies Finland Oy	-	346,298	-	-
HCL Poland Sp.z.o.o.	847,796	1,393,486	-	-
HCL Istanbul Bilisim Teknolojileri Limited sirketi	48,923	11,728	-	-
HCL Belgium NV	-	12,008	-	-
HCL Technologies Beijing Co., Limited	86,577	297,191	-	-
HCL Technologies UK Limited	5,229,799	1,689,537	-	-
HCL Technologies Germany GmbH	246,906	93,627	-	-
HCL Technologies Belgium BVBA	22,280	65,233	-	-
HCL Technologies Middle East FZ- LLC	117,694	30,335	-	-
HCL Technologies Sweden (IOMC)	1,936,154	241,838	-	-
HCL Technologies Vietnam Company Limited	230,690	1,112,238	-	-
HCL Technologies Lithuania UAB	-	127,180	-	-
HCL Technologies Greece Single Member P.C.	-	41,083	-	-
HCL Technologies France	273,987	15,539	-	-
HCL (New Zealand) Limited, New Zealand	-	30,837	-	-
HCL Saudi Arabia LLC	124,311	120,801	-	-
HCL Technologies (Taiwan) Limited.	(51,991)	87,369	-	-
HCL Latin America Holding LLC	474,957	241,310	-	-
HCL Sweden AB	3,428	-	-	-
HCL Netherlands B.V.	1,731	-	-	-
HCL (Ireland) Information Systems Limited	155,855	-	-	-
HCL Technologies Czech Republic s.r.o.	378,171	-	-	-
HCL Technologies Norway AS	108,878	-	-	-
C3i Europe Eood	54,294	-	-	-
PT. HCL Technologies Indonesia	10,619	-	-	-
HCL Asia Pacific Pte Limited	21,792	-	-	-
HCL Technologies (Thailand) Limited.	65,369	-	-	-
HCL Technologies Lanka (Private) Limited	43,521	-	-	-
HCL Guatemala, Sociedad Anonima	542,025	-	-	-
<b>Total</b>	<b>26,524,058</b>	<b>16,695,051</b>	<b>554,551,715</b>	<b>388,192,490</b>
<b>Software services</b>				
HCL Technologies Limited	-	-	3,813,888	6,659,103
HCL (New Zealand) Limited	-	45,764	-	-
HCL America Inc.	-	365,694	-	-
HCL Australia Services Pty. Limited	987,859	2,943,178	-	-
HCL Axon Technologies Inc.-SD (FY Axon Solutions (Canada) I	9,610	138,289	-	-
HCL Great Britain Limited	-	361,452	-	-
HCL Hong Kong SAR Limited	-	14,151	-	-
HCL Hungary Kft	151,780	-	-	-
HCL Technologies Germany GmbH	27,719	71,230	-	-
HCL Japan Limited	72,358	-	-	-
HCL Technologies B.V.	270,561	6,993	-	-
HCL Technologies Italy S.P.A.	-	1,254,457	-	-
HCL (Brazil) Tecnologia da informacao EIRELI (FY as HCL (Brazil) Tecnologia da informacao Ltda.)	55,945	-	-	-
HCL Technologies South Africa (Proprietary) Limited	464,169	538,207	-	-
HCL Technologies Belgium BVBA	129,395	-	-	-
HCL Singapore Pte. Limited	385,747	2,597,628	-	-
HCL Technologies Middle East FZ-LLC	116,733	343,700	-	-
HCL Axon Solutions (Shanghai) Co. Limited.	701,600	434,490	-	-

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**HCL Technologies (PTY) Limited (Formerly known as HCL Axon (Proprietary) Ltd.)**  
(Registration number 2009/003046/07)  
**Annual Financial Statements for the year ended 31 March 2021**

**Notes to the financial statements (Continued)**

**c) Transactions with related parties during the year in ordinary course of business (Continued)**

Particulars	Fellow Subsidiaries		Ultimate holding company	
	Year Ended	Year Ended	Year Ended	Year Ended
	March 31 2021	March 31 2020	March 31, 2021	March 31 2020
	ZAR	ZAR	ZAR	ZAR
HCL Argentina s.a.	-	164,424	-	-
HCL Technologies Denmark ApS	87,695	53,770	-	-
HCL Technologies Mexico	587,181	18,163	-	-
HCL Technologies Colombia SAS	499,894	11,880	-	-
HCL Technologies UK Limited	17,617,374	16,067,214	-	-
PT. HCL Technologies Indonesia	-	47,939	-	-
HCL Technologies Sweden (IOMC)	278,122	-	-	-
HCL Technologies Finland Oy	197,387	-	-	-
HCL Technologies Austria GmbH	201,443	-	-	-
HCL Technologies Corporate Services Limited	1,106,363	-	-	-
HCL Technologies Malaysia SDN BHD (Fy HCL Axon Malaysia SDN BHD)	12,269	-	-	-
HCL Technologies Philippines Inc	626,707	-	-	-
HCL Technologies (Taiwan) Limited.	44,035	-	-	-
<b>Total</b>	<b>24,631,946</b>	<b>25,478,625</b>	<b>3,813,888</b>	<b>6,659,103</b>
<b>Interest income</b>				
Anzospan Investments (PTY) Limited	-	50,055	-	-
<b>Total</b>	<b>-</b>	<b>50,055</b>	<b>-</b>	<b>-</b>

**d) Outstanding balances with related parties**

Particulars	As at 31 March 2021 ZAR	As at 31 March 2020 ZAR
<b>Owed to ultimate holding company and fellow Subsidiaries</b>		
Axon Solutions Limited	(5,924)	554,855
HCL (Brazil) Tecnologia da informacao EIRELI (FY HCL (Brazil) Tecnologia da informacao Ltda.)	3,096,129	4,151,550
HCL America Inc.	1,334,102	1,386,350
HCL Technologies Malaysia SDN BHD.	12,027	281,449
HCL Great Britain Limited	9,810,752	10,416,017
HCL Canada Inc. (FY HCL Axon Technologies Inc.)	-	217,428
HCL Singapore Pte. Limited	277,225	54,857
HCL Technologies (Shanghai) Limited	-	184,753
HCL Technologies B.V.	-	224,092
HCL Technologies Vietnam Company Limited	-	57,750
HCL Technologies Limited	255,316,900	92,652,539
HCL Axon Solutions (Shanghai) Co. Limited.	-	21,572
HCL Technologies (Taiwan) Limited	35,378	87,369
HCL Technologies Beijing Co. Limited.	-	69,374
HCL Technologies UK Limited	1,313,139	34,020
HCL Australia Services Pty. Limited	-	114,481
HCL Technologies Middle East FZ- LLC - Mainland Dubai Branch	-	-
HCL Argentina s.a.	101,752	-
HCL Mexico S. de R.L.	313,371	-
HCL Technologies Germany GmbH	22,757	-
HCL Technologies Belgium BVBA	151,132	-
HCL Technologies Czeck Republic s.r.o.	274,758	-
HCL Technologies Denmark Aps	25,557	-
C3i Europe Eood	54,294	-
HCL Technologies France SAS	204,803	-
PT HCL Technologies Indonesia Limited	11,681	-
HCL Technologies (Thailand) Limited	65,369	-
HCL Latin America Holding	474,957	-
HCL Technologies Lanka Private Limited	43,431	-
HCL Guatemala, Sociedad Anónima	481,524	-
<b>Total(X)</b>	<b>273,415,114</b>	<b>110,508,454</b>
<b>Interest payable</b>		
Axon Group Limited UK	466,252	504,812
Axon Solutions Limited	2,063,412	1,963,474
<b>Total (Y)</b>	<b>2,529,664</b>	<b>2,468,286</b>
<b>Total (X)+(Y)</b>	<b>275,944,778</b>	<b>112,976,740</b>

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**HCL Technologies (PTY) Limited (Formerly known as HCL Axon (Proprietary) Ltd.)**

(Registration number 2009/003046/07)

**Annual Financial Statements for the year ended 31 March 2021****Notes to the financial statements (Continued)****d) Outstanding balances with related parties (Continued)**

Particulars	As at 31 March 2021 ZAR	As at 31 March 2020 ZAR
<b>Short Term Loans</b>		
Axon Solutions Limited	10,195,100	11,038,250
<b>Total</b>	<b>10,195,100</b>	<b>11,038,250</b>
<b>Trade receivable</b>		
HCL Technologies Limited	2,636,197	4,765,796
JSP Consulting Sdn Bhd	7,641	7,641
HCL Technologies Denmark Aps	-	53,770
HCL Mexico S. de R.L.	590,945	18,163
HCL Japan Limited	72,358	-
HCL Technologies Germany Gmbh	2,390	112,193
Axon Solutions Limited	5,913	5,913
HCL (Brazil) Tecnologia da informacao EIRELI (FY HCL (Brazil) Tecnologia da informacao Ltda.)	102,976	94,092
HCL America Inc.	1,863,124	2,073,201
HCL Argentina s.a.	169,019	166,470
HCL Australia Services Pty. Limited	228,014	550,255
HCL Great Britain Limited	-	343,158
HCL Singapore Pte. Limited	232,888	92,027
HCL Technologies (Shanghai) Limited	856,646	856,646
HCL Technologies Chile Spa	(216)	9,640
HCL Technologies Columbia S.A.S.	518,369	39,325
HCL Technologies Norway AS	(6,459)	(7,789)
HCL Technologies South Africa (Proprietary) Limited	1,273,511	107,641
HCL Technologies UK Limited	6,696,545	3,925,721
HCL Technologies B.V.	4,094	9,081
HCL Technologies Italy S.P.A.	-	442,061
PT HCL Technologies Indonesia Limited	5,693	53,632
HCL Technologies Belgium BVBA	128,852	-
HCL Technologies Middle East FZ-LLC	26,957	(108,258)
HCL Axon Solutions (Shanghai) Co. Limited.	3,327,459	2,625,859
HCL Hungary Kft	151,780	-
HCL Technologies Sweden AB	83,154	-
HCL Technologies Austria GmbH	11,708	-
HCL Technologies Philippines, Inc	626,707	-
HCL Technologies (Taiwan) Limited	44,035	-
<b>Total(A)</b>	<b>19,660,300</b>	<b>16,236,239</b>
<b>Unbilled receivable</b>		
HCL Technologies Limited	26,112	-
<b>Total(B)</b>	<b>26,112</b>	<b>-</b>

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**Notes to the financial statements (Continued)**

**d) Outstanding balances with related parties (Continued)**

Particulars	As at 31 March 2021 ZAR	As at 31 March 2020 ZAR
<b>Interest receivable on short term deposit</b>		
Anzospan Investments (PTY) Limited	-	289,973
<b>Total(C)</b>	-	<b>289,973</b>
<b>Receivable from fellow Subsidiaries (A+B+C)</b>	<b>19,686,412</b>	<b>16,526,212</b>
<b>Deferred contract cost- Non current</b>		
HCL Technologies Limited	-	464,552
<b>Total</b>	-	<b>464,552</b>
<b>Deferred contract cost- Current</b>		
HCL Technologies Limited	18,453,641	18,281,988
<b>Total</b>	<b>18,453,641</b>	<b>18,281,988</b>

**Terms and conditions of transactions with related parties**

Outstanding balances at year-end are unsecured, interest free (except loan from parent company) and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2021, the company has not recorded any impairment of receivables relating to amounts owed by related parties.

**32 Retirement benefits**

All eligible employees are members of the HCL Axon S.A. 319 Proprietary Ltd Pension Fund defined contribution plan administered by Liberty. The plan is governed by the Pension Funds Act of 1956. Pension contributions are made by employees with HCL Axon S.A. 319 Proprietary Ltd contributing an equal amount plus administration costs of the fund. Pension costs relating to contributions recognised in the current financial year are reflected under employee benefits in Note 3.

**33 Capital management**

	31 March 2021 ZAR	31 March 2020 ZAR
Share capital	87,000,000	87,000,000
Accumulated profit	327,538,678	221,900,429
	<b>414,538,678</b>	<b>308,900,429</b>

Capital includes equity shares and equity attributable to the equity holders of the parent. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustment to it, in light of change in economic conditions. To maintain the capital structure, the company may issue new shares.

**34 Remuneration to directors and key management personnel**

Some of the directors and key management personnel of the Company are also directors and key management personnel in other group companies within the HCL group and all of these companies together are viewed as one business unit and their remuneration is paid by the ultimate parent Company. No separate or additional remuneration is paid to these directors for their role as directors of this Company or any other companies in the South African group and therefore no disclosure is required for these directors.

Non-executive directors' (Luyolo Poswa) fees reflect their services as directors and services on various sub-committees on which they serve. Total remuneration paid for their services in current Period is ZAR Nil (PY ZAR Nil), non-executive directors do not earn attendance fees.

Executive directors' (Balungile Phili) fees, appointed on 1 August 2019, reflect their services as directors and services on various sub-committees on which they serve. Total remuneration paid for their services in current Period is ZAR 1,467,523 (PY ZAR 673,426).

Non-executive directors do not participate in any incentive schemes or plans of any kind.

**35 Subsequent Event**

Other than the matter mentioned below, there have been no significant subsequent events since the year ended 31 March'21 that would have material impact on the statement of financial position of the Company as shown in these financial statements.

The recent outbreak of COVID19 (Coronavirus) continues to impact the global economy and markets. At this time, the impact of the outbreak on our business has been limited as delivery of our services is uninterrupted, and we have currently not witnessed significant changes in demand, whereas our service delivery is intact and our liquidity remains healthy. However, going forward the COVID19 outbreak may negatively impact amongst others our, workforce, operations, and market demand and liquidity. We will take all necessary actions to keep our operations running and, most importantly, protect our employees, suppliers, customers and all other stakeholders.

**36 Going Concern**

The company earned a for the period ended 31 March 2021 of R 105,638,249 as compared to loss in last year ended 31 March 2020 – R (50,855,044) and as at that date its total assets exceeded its total liabilities by R 517,714,419 (31 March 2020 – R 412,076,171). In addition, current assets exceed current liabilities by R 171,897,415 (31 March 2020 – R 92,217,052). Based on our current knowledge and available information, we do not expect COVID19 to have an impact on our ability to continue as a going concern in the future. Accordingly, the financial statements have been prepared on a going concern basis.

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