Anzospan Investments (Pty) Ltd and its subsidiaries
(Registration number 2011/006085/07)

Consolidated Annual Financial Statements for the year ended 31 March, 2019

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Investments in company engaged in software development and related maintenance services
Directors	Prateek Aggarwal (Appointed on 26th October 2018) Raghu Raman Lakshmanan Sundaram Sridharan Anil Kumar Chanana (Resigned on 26th October 2018)
Registered office	GMI House Harlequins Office Park 164 Totius Street Groenkloof Pretoria 0027
Business address	A1, The Crescent East, No.3, Eglin Road, Sunninghill, 2157
Postal address	P O BOX 619 PRETORIA 0001
Holding company	Axon Group Limited Incorporated in UK
Bankers	Standard Chartered Bank
Auditors	Ernst & Young Inc. Chartered Accountants (S.A.) Registered Auditors
Company registration number	2011/006085/07
Preparer of financial statements	**Deepak Gupta** Associate Chartered Accountant (India)

General Information (Continued)

Approval of Consolidated Annual Financial Statements

The consolidated annual financial statements set out on pages 9 to 45 were approved by the board of directors on 08/07/2019.

Prateek Aggarwal
Director

Sundaram Sridharan
Director

EY
Building a better working world

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Independent Auditor's Report

To the Shareholders of Anzospan Investments (Pty) Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of *Anzospan Investments (Pty) Ltd* ('the company') set out on pages 9 to 45, which comprise the statement of financial position as at 31 March 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of *Anzospan Investments (Pty) Ltd* as at 31 March 2019, 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 sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements of the company and in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits of the company and in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. 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 pages 6 to 8 of the document titled "*Anzospan Investments (Pty) Ltd and its subsidiaries,* Consolidated Annual Financial Statements for the year ended 31 March

2019", 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 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's 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Ernst & Young Inc

Director - Donovan van Straaten
Registered Auditor
8 July 2019

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South Africa

Directors' Report of Anzospan Investments Pty Limited and its subsidiaries

1. Directors' Responsibilities

The directors are required by the Companies Act of South Africa, 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the consolidated annual financial statements.

The consolidated annual financial statements are prepared in accordance with the International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group 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 risk 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 group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the group's cash flow forecast for the year ended on 31 March 2020 and, in light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The board of directors are responsible for the financial affairs of the group.

The external auditors are responsible for independently reviewing and reporting on the consolidated annual financial statements. The consolidated annual financial statements have been examined by the group's external auditors and their report is presented on page 3, 4 and 5.

Directors' Report (continued)

2. Incorporation

The company was registered on 15 March 2011 under the name Anzospan Investments Pty Ltd, certificate to commence business was received on the same day.

3. Business and operations

The company invests in entities engaged in software development and related maintenance services.

The company's business office is located at A1, The Crescent East, No.3, Eglin Road, Sunninghill, 2157, Johannesburg, South Africa.

4. Review of operations

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

Net profit of the group was R 59,165,727 (2018: R 72,341,628)
Net profit (loss) of the company was R 31,429,871 (2018: R 79,703,036)

5. Share capital

Authorised share capital of the Company is 40,000,000 (Forty million) ordinary no par value shares. Total issued and fully subscribed capital of the company was 16,049,999 no par value shares amounting for R 89,999,999.

During the year company had bought back 4,815,000 shares from HCL South Africa Share Ownership Trust. The total issued and fully subscribed capital of the company now stands at 11,234,999 no par value shares amounting for R 61,439,999.

6. Directors

Particulars of the present directors are given on page 1.

7. Holding company

The Company's Holding Company is Axon Group Limited, incorporated in the UK.

8. Going concern

The Board is of the Opinion that the Company is financially sound and operates as a going concern. The annual financial statements have accordingly been prepared on this basis.

Directors' Report (continued)

9. Dividends

No dividends have been paid during the year to the shareholders.

10. Auditors

Ernst & Young Inc. retire as an auditor of the company and new auditor will be proposed and appointed at the forthcoming annual general meeting.

Statement of Comprehensive Income

	Notes	Group March 19 R	Group March 18 R
Revenue	2	857,938,058	787,722,524
Operating expenses	3	(793,976,834)	(698,579,726)
		63,961,224	89,142,798
Other (expenses) / income	4	18,803,555	18,510,013
Operating profit		82,764,779	107,652,811
Finance cost	5	(628,469)	(1,143,821)
Profit for the year		82,136,310	106,508,990
Income tax	6	(22,970,583)	(34,167,362)
Total comprehensive profit for the year		**59,165,727**	**72,341,628**

	Notes	Company March 2019 R	Company March 2018 R
Dividend Income		31,785,450	80,040,000
Operating expenses	7	(259,886)	(241,156)
Operating Profit		31,525,564	79,798,844
Finance Expenses	8	(95,693)	(95,808)
Profit / (loss) for the year		31,429,871	79,703,036
Total comprehensive profit / (loss) for the year		31,429,871	79,703,036

Statement of Financial Position as at 31 March 2019

	Notes	Group March 19	Group March 18
		R	R
Assets			
Non current Assets			
Property , plant and equipment	9	73,444,883	19,751,452
Intangible assets	10	1,583,504	2,468,351
Goodwill		118,714,119	118,714,119
Deferred contract cost-non current		4,812	623,180
Deferred tax assets (Net)	11	2,949,668	2,013,100
Finance lease receivables -non current	30	42,759,676	25,663,356
Other receivable		10,274,250	3,747,291
		249,730,912	**172,980,849**
Current Assets			
Trade receivables	12	168,199,556	133,392,565
Other receivables	12	35,866,762	21,334,019
Contract assets		1,374,334	-
Receivable from fellow subsidiaries		18,374,831	11,474,061
Inventory	13	12,851,809	1,386,028
Cash and cash equivalents	14	303,006,438	481,040,956
Unbilled revenue		38,713,085	28,699,587
Deferred contract cost-current	15	17,256,832	9,591,708
Finance lease receivables -current	30	42,053,374	50,770,887
Unbilled revenue from ultimate holding company and fellow subsidiaries		15,873	-
		637,712,894	**737,689,811**
Total Assets		**887,443,806**	**910,670,660**
Equity and Liabilities			
Equity			
Share capital	16	61,439,999	62,003,184
Retained Income		579,849,664	534,767,052
		641,289,663	**596,770,236**
Liabilities			
Non Current Liabilities			
Contract liabilities		1,197,172	4,342,000
		1,197,172	**4,342,000**
Current Liabilities			
Short term loans	17	9,499,550	8,314,450
Owed to ultimate holding company and fellow subsidiaries	18	146,331,182	232,514,595
Trade and other payables	19	80,409,938	54,480,906
Current tax payable		1,985,195	3,999,876
Provisions	20	6,731,106	10,248,597
		244,956,971	**309,558,424**
Total Equity and Liabilities		**887,443,806**	**910,670,660**

Statement of Financial Position as at 31 March 2019

	Notes	Company March 2019 R	Company March 2018 R
Assets			
Investments	21	89,975,000	89,975,000
Current Assets			
Due from Group Companies		-	100,000
Cash and cash equivalents		7,618,073	4,660,980
Total Assets		**97,593,073**	**94,735,980**
Equity and Liabilities			
Equity			
Share capital	22	61,439,999	89,999,999
Accumulated profit		30,180,289	(1,249,581)
		91,620,288	**88,750,418**
Current Liabilities			
Loan from Group Company		5,942,320	5,952,320
Trade and other payables		30,465	33,242
		5,972,785	5,985,562
Total Equity and Liabilities		97,593,073	94,735,980

Statement of changes in equity

Group	Share Capital R	Accumulated Profit / (Loss) R	Total R
Mar'2018			
Opening Balance as on 01 April 2017	62,003,184	518,443,129	580,446,313
Total comprehensive Income	-	72,341,628	72,341,628
Dividend Paid	-	(56,017,705)	(56,017,705)
Balance at 31 March 2018	**62,003,184**	**534,767,052**	**596,770,236**
Mar'2019			
Opening Balance as on 01 April 2018	62,003,184	534,767,052	596,770,236
Total comprehensive Income	-	59,165,727	59,165,727
Reduction in capital on account of consolidation	(563,185)	-	(563,185)
Elimination of opening retained earnings due to consolidation	-	(14,083,115)	(14,083,115)
Balance at 31 March 2019	**61,439,999**	**579,849,664**	**641,289,663**

Statement of changes in equity

Company	Share Capital R	Accumulated Profit / (Loss) R	Total R
Mar'2018			
Opening Balance as on 01 April 2017	89,999,999	(927,322)	89,072,677
Total comprehensive profit	-	79,703,036	79,703,036
Dividend Paid	-	(80,025,295)	(80,025,295)
Balance at 31 March 2018	**89,999,999**	**(1,249,581)**	**88,750,418**
Mar'2019			
Opening Balance as on 01 April 2018	89,999,999	(1,249,581)	88,750,418
Buy back of shares	(28,560,000)	-	(28,560,000)
Total comprehensive profit	-	31,429,871	31,429,871
Balance at 31 March 2019	**61,439,999**	**30,180,290**	**91,620,289**

Statement of cash flows

	Note	Group March 2019 R	Group March 2018 R
Cash flows from operating activities			
Profit before tax		82,136,310	106,508,990
Adjusted for :			
Depreciation and amortization		13,913,776	8,867,958
Retained earning adjustment due to deconsole of trust		(14,083,115)	-
Interest income		(20,329,785)	(21,097,938)
Provision for Bad debts written back		(280,408)	-
Loss on sale of fixed assets		5,977	-
Interest expenses		419,725	900,755
Cash inflows before working capital changes		**61,782,480**	**95,179,765**
Movement in working capital changes			
Decrease/(Increase) in trade and other receivables		(85,356,541)	(16,270,400)
Decrease/(Increase) in Deferred Cost-current		(7,665,123)	1,113,551
Decrease/(Increase) in Finance lease receivables -Current		8,717,514	198,124
(Decrease)/Increase in current liabilities		(61,066,050)	133,046,377
(Decrease)/Increase in deferred revenue		(3,144,829)	4,342,000
Cash generated from operations		**(86,732,549)**	**217,609,417**
Income tax paid		(25,921,834)	(42,649,723)
Net cash inflow from operating activities		**(112,654,383)**	**174,959,694**
Cash flows from investing activities			
Purchase of fixed assets		(66,728,337)	(4,313,674)
Discount on buy back		(563,185)	-
Sale of Fixed Assets		-	1,497,697
Interest income		20,329,785	20,111,643
Deferred Cost-non current		618,368	1,590,066
Finance lease receivables -Non Current		(17,096,319)	80,009,261
Net cash inflow from investing activites		**(63,439,688)**	**98,894,993**
Cash flows from financing activities			
Loan taken / (repayment)		1,185,100	(13,013,550)
Dividend Paid		-	(56,017,705)
Interest paid		(3,125,547)	(11,053)
Net cash outflow from financing activites		**(1,940,447)**	**(69,042,308)**
Net Increase/(Decrease) in cash and cash equivalents		(178,034,518)	204,812,379
Cash and cash equivalents at the beginning of the year		481,040,956	276,228,577
Cash and cash equivalents at the end of the year	14	**303,006,438**	**481,040,956**

Statement of cash flows

	Company March 2019 R	Company March 2018 R
Cash flows from operating activities		
Profit / (Loss) after tax	31,429,871	79,703,036
Decrease/ (Increase) in trade payables	(2,778)	30,408
Decrease/ (Increase) in trade receivables	100,000	(100,000)
Interest expense	(10,000)	90,000
Dividend Income	(31,785,450)	(80,040,000)
Net cash used in operating activities	**(268,357)**	**(316,556)**
Cash flows from investing activities		
Dividend Income	31,785,450	80,040,000
Net cash inflow from investing activites	**31,785,450**	**80,040,000**
Cash flows from financing activities		
Loan from group company	-	4,802,403
Buyback of shares	(28,560,000)	
Dividend Paid	-	(80,025,295)
Net cash inflow / (outflow) from financing activites	**(28,560,000)**	**(75,222,892)**
Total cash movement for the year	**2,957,093**	**4,500,552**
Cash at the beginning of the year	4,660,980	160,428
Cash and cash equivalents at the end of the year	**7,618,073**	**4,660,980**

Accounting policies

1 Summary of significant accounting policies

1.1 Presentation of Consolidated Annual Financial Statements

The consolidated annual financial statements have been prepared in accordance with the International Financial Reporting Standards and the Companies Act, of South Africa. The consolidated annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. The group uses the ZAR as its reporting currency.

1.2 Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and all entities which are controlled by the group. Control exists when the company has power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of the subsidiaries are included in the consolidated annual financial statements of subsidiaries from the effective date of acquisition.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Accounting policies of subsidiaries conform to the policies adopted by the group.

Investments in the subsidiaries are accounted for at cost in the company accounts. The carrying amounts of these investments are reviewed annually and written down for impairment where considered necessary.

1.3 Property, plant and equipment

Plant and equipment is initially recorded at cost. Cost includes all costs directly attributable to bringing the assets to working condition for their intended use.

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.

The following are the finite lives of the tangible assets in the group:

Plant and machinery	10 years
Office equipment	5 years
Computer equipment	3 years
Furniture and fittings	7 years
Computer Software	3 years

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.

Fixed Assets under construction and cost of assets not ready for use before the year end, are disclosed as capital work-in-progress.

Accounting policies (Continued)

1.4 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, using the liability method, 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 probable that future taxable profit will be available against which to utilise the deferred tax asset.

The Group 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.

1.5 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
(c) There is a change in the determination of whether fulfilment is dependent on a specified asset; or
(d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a), c), or d) and at the date of renewal or extension period for scenario b).

Company as lessee

All leases are operating leases and the relevant rentals are charged to income in a systematic manner related to the period of use of the asset concerned.

Company as lessor

Leases where 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 recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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 a finance lease are recognized as a receivable at an amount

Accounting policies (Continued)

1.5 Leases (Continued)

Company as lessor (continued)

equal to the net investment in the leased assets. 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.

1.6 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.

Intangible assets with finite lives are amortised over their useful economic lives 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 group.

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

1.7 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

Accounting policies (continued)

1.7 Business combinations and goodwill (continued)

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 Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

1.8 Financial instruments

Financial assets

Trade receivables that do not contain a significant financial component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financial component are measured at the transaction price determined under IFRS 15. All the other financial assets are initially recognised at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss. Regular way purchases and sales of financial assets are recognised on the trade date, that is, the date when the Company commits to purchase or sell the assets.

(a) Classification and measurement

(i) Under IFRS 9

Debt instruments are measured at amortised cost using the effective interest rate method, subject to impairment if the assets are held for the collection of contractual cash flows where those contractual cash flows represent solely payments of principal and interest.

Debt instruments are measured at fair value through other comprehensive income if the assets' contractual cash flows represent solely payments of principal and interest and the assets are held for collection of contractual cash flows and for selling the financial assets. Such financial assets are subsequently measured at fair value with any gains or losses from changes in fair value recognised in other comprehensive income, except for impairment losses and reversal, foreign exchange gains and losses and interest calculated using the effective interest rate method which are recognised in the statement of profit or loss. The cumulative gains or losses previously recognised in other comprehensive income are reclassified from other comprehensive income to the statement of profit or loss when the financial asset is derecognised.

Debt instruments that do not meet the criteria for amortised cost or as financial assets at fair value though other comprehensive income are measured at fair value through profit or loss. Interest income for these financial assets is included in finance income.

Accounting policies (continued)

1.8 Financial instruments (continued)

(a) Classification and measurement (continued)

(ii) Under IAS 39

Financial assets are classified as financial assets at fair value through profit or loss if held for trading, or upon initial recognition are designated as at fair value through profit or loss. Such investments are recognised initially at fair value, with transaction costs taken directly to the statement of profit or loss, and are subsequently remeasured at fair value. Gains and losses from changes in the fair value are recognised in the statement of profit or loss as they arise, together with the related interest income and expenses and dividends.

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less impairment allowances.

(b) Impairment

(i) Under IFRS 9

The Group applies the expected credit loss model on all the financial assets that are subject to impairment, financial guarantee contracts, contract assets under IFRS 15 and lease receivables under IAS 17. For trade receivables and contract assets without a significant financial component, the Company applies the simplified approach which requires impairment allowances to be measured at lifetime expected credit losses.

For other financial assets, impairment allowances are recognised under the general approach where expected credit losses are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, the Group is required to provide for credit losses that result from possible default events within the next 12 months. For those credit exposures where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure irrespective of the timing of the default.

The Group considers a default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more appropriate default criterion should be applied.

Accounting policies (continued)

1.8 Financial instruments (continued)

(b) Impairment (continued)

(ii) Under IAS 39

The Group recognises losses for impaired loans promptly where there is objective evidence that an impairment of a loan or a portfolio of loans has occurred. Impairment allowances are assessed either individually for individually significant loans or collectively for loan portfolios with similar credit risk characteristics including those individually assessed balances for which no impairment provision is made on an individual basis.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.
If there is objective evidence that an impairment loss has been incurred for unquoted equity investments measured at cost less impairment, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

(c) Derecognition (under IFRS 9 and IAS 39)

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the Group has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained.

Financial liabilities

The Group's financial liabilities include trade and bills and other payables, bank overdraft, accruals and amounts due to group companies. Financial liabilities are recognised when the company becomes a party to the contractual provision of the instrument.

Financial liabilities are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest rate method. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expire.

1.9 Provisions

Provisions are recognised when there is 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.

Accounting policies (continued)

1.9 Provisions

The estimated liability is recognised 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.

1.10 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.

1.11 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 Group 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 Group 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 Group and the customer at contract inception. When the contract contains a financing component which provides the Group 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 Group 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)

1.11 Revenue recognition (continued)

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group 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 Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group 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 Group performs under the contract.

1.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

1.13 Retirement benefits

The group's contribution to the defined contribution plan is charged to the Statement of Comprehensive Income in the year to which it relates.

1.14 Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost. The cost comprises the purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired by the issue of shares or the other securities, the acquisition cost is the fair value of securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Accounting policies (continued)

1.15 Impairment

The group 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 group 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 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 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. There is an assessment at each reporting date to determine 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 group 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 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 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, an estimate of recoverable amount is made. 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.

Accounting policies (continued)

1.15 Impairment (Continued)

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.

1.16 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.

Fair value measurement of contingent consideration

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. Where the contingent consideration meets the definition of a derivative and thus financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Accounting policies (continued)

1.16 Significant accounting judgements and estimates (Continued)

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.

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.

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.

1.17 Cost of Sales

Cost of sales includes all costs of purchase and other costs incurred in bringing inventories to their present location and condition. Inventory write-downs are included in cost of sales when recognised. Trade discounts, settlement discounts and other similar items are deducted in determining the costs of purchase. Cost of sales is recognised as an expense when the risks and rewards of ownership related to the sale of merchandise pass to the customer.

1.18 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.

Accounting policies (continued)

1.19 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.

1.20 Deferred contract costs

Contract costs incurred during the Knowledge Transfer face of the project are deferred and capitalised as assets, since these costs are incurred for gaining know how which is going to help us run the project during steady state phase. These costs are recognised as assets only when group has a reasonable certainty of these costs being recovered during the period of the contract.

1.21 New Standards and Interpretations

Standards and interpretations effective and adopted in the current financial year

Changes in accounting policy and disclosures

1.21 New Standards and Interpretations (continued)

The Group applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in the current fiscal year 2018-19, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

<u>IFRS 15 Revenue from Contracts with Customers</u>

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its' customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Accounting policies (continued)

1.21 New Standards and Interpretations (continued)

IFRS 9 Financial Instruments (continued)

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company has adopted IFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company has elected to apply the standard to contracts that are not completed as at 1 April 2018.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for the classification and measurement of financial assets and financial liabilities; impairment for financial assets; and general hedge accounting.

The Group has applied the classification and measurement requirements (including impairment) of IFRS 9 retrospectively as at 1 April 2018 (date of initial application) to instruments that have not been derecognised as at 1 April 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between the carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 is recognised in the opening retained profits and other components of equity as at 1 April 2018, without restating comparative information.

The Group has not designated any financial liabilities as at fair value through profit or loss, there are no changes in classification and measurement for the Group's financial liabilities.

Changes to Classification and measurement

On 1 April 2018, the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its contract liabilities into the appropriate IFRS 9 categories.

There has been no impact on the Group's accounting for financial liabilities that are designated at fair value through profit or loss and Group does not have such liabilities.

Accounting policies (continued)

1.21 New Standards and Interpretations (continued)

IFRS 9 Financial Instruments (continued)

Changes to the impairment model

IFRS 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or Fair value through other comprehensive income (FVOCI).

The Group recognizes impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired. The Group has carried out an assessment of reviewing its bad debt allowances and estimating its Expected Credit Losses on the basis of prior period actuals. Due to the short-term maturity of its receivables, management believes that the existing accounting policy for bad debt provisions is appropriate. The Group will be looking at outside factors on a regular basis which could potentially impact the recoverability of these short-term receivables. Elements include changes in macroeconomic conditions such as unemployment rates, inflation, liquidity of customers and specific loss trends within a specified industry Group.

(i) Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected losses for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. Future cash flows for each group of receivables are estimated on the basis of historical loss experience, adjusted to reflect the effects of current conditions as well as forward looking information.

Management has closely monitored the credit qualities and the collectability of the trade receivables. Trade receivables in dispute are assessed individually for impairment to determine whether specific loss allowance provisions are required. The adoption of the simplified expected credit loss approach under IFRS 9 has not resulted in any additional impairment loss for trade receivables as at 1 April 2018.

(ii) Other financial assets carried at amortised cost

For other financial assets carried at amortised cost, including bills receivable, financial assets included in prepayments and deposits and amounts due from the ultimate holding company and fellow subsidiaries, the expected credit loss is based on the 12-month expected credit loss. This represents the portion of lifetime expected credit loss that results from default events on the financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss.
Management has closely monitored the credit qualities and the collectability of other financial assets at amortised cost and considers that the expected credit loss is immaterial.

Accounting policies (continued)

1.21 New Standards and Interpretations (continued)

Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's future accounting periods.

Standard/ Interpretation: Effective date: years beginning on or after

IFRS 16 Leases (effective 01 January 2019)

On January 13, 2016, the international accounting standards board issue the final version of IFRS 16 Leases. IFRS 16 will replace the existing leases standard, IAS 17 Leases, and related interpretations. The standard sets out the principal for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract i.e. the lessee and the lessor. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit and Loss. The standard also contains enhanced disclosure requirements for lessees. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. The company is currently evaluating the impact that the adoption of this new standard will have on its financial statements.

Notes to the Consolidated Annual Financial Statements

	Group March 2019 R	Group March 2018 R
2 Revenue from contract with customers		
Total revenue comprise:		
Service Income	776,776,579	747,140,903
Sale of goods*	19,013,173	27,501,952
Sale under capital lease	55,467,972	4,890,187
Sale income on leased assets	6,680,334	8,189,482
	857,938,058	**787,722,524**
*Sale of goods comprises of sale of IT hardware items to customers		
Timing of revenue recognition		
Goods transferred at a point in time	81,161,479	40,581,621
Services transferred over time	776,776,579	747,140,903
Total revenue from contract with customers	**857,938,058**	**787,722,524**
3 Operating Expenses		
Depreciation on plant and equipment	11,536,789	6,425,541
Amortization of intangibles assets	2,376,987	2,442,417
Operating lease expenses	1,477,989	1,782,609
Auditor's remuneration	205,354	291,304
Consulting charges	377,840,933	358,468,875
Cost of good sold	62,309,663	27,518,988
Other Cost	169,306,727	149,892,621
Employee benefits		
Salaries	166,558,026	150,889,081
Bonus	972,309	-
Pension costs- defined contribution plan	1,392,057	868,290
	793,976,834	**698,579,726**
4 Other (expenses) / income		
Operating cost include:		
Loss on sale of Capital Assets	(5,977)	-
Exchange Gain	(1,520,253)	(2,587,925)
Interest income on income tax refund	-	986,295
Interest income	20,329,785	20,111,643
	18,803,555	**18,510,013**
5 Finance expense		
Interest paid		
Interest on short term loan	419,725	900,755
Cash credit from bank	881	4,918
Bank charges	207,863	238,148
	628,469	**1,143,821**
6 Taxation		
Current tax	23,907,150	46,386,836
Deferred tax	(936,567)	(12,219,474)
	22,970,583	**34,167,362**
Accounting profit before income tax	82,136,310	106,508,990
Statutory income tax rate of 28% (2018: 28%)	23,097,728	29,822,517
Taxes paid on dividend	-	4,801,518
Adjustments in respect of current income tax of previous years	(507,707)	(238,506)
Adjustments in respect of deferred income tax of previous years	710,944	-
Non-deductible expenses for tax purposes	665	57,998
Tax on interest income for tax purposes:	(412,124)	(276,165)
Others	81,077	-
At the effects income tax rate	22,970,583	34,167,362
Income tax expenses reported in the statement of profit or loss	**22,970,583**	**34,167,362**

Notes to the Consolidated Annual Financial Statements (continued)

	Company March 2019 R	Company March 2018 R
7 Operating Expenses	259,886	241,156
Professional Charges	259,886	241,156
8 Finance costs	95,693	95,808
Bank Charges	95,693	95,808

9 Property, plant and equipment (Group)

	Computer equipment (R)	Plant & Machinery (R)	Office equipment (R)	Furniture & fittings (R)	Under construction (R)	Total (R)
Cost						
At March 31, 2017	28,109,172	221,400	768,028	1,775,917	1,762,775	32,637,292
Additions	3,943,335	-	-	-	-	3,943,335
Retirement	(2,786,238)	-	(36,231)	-	(1,497,697)	(4,320,166)
At March 31, 2018	29,266,269	221,400	731,797	1,775,917	265,078	32,260,461
Additions	63,079,518	-	-	539,158	1,617,521	65,236,197
Retirement	(10,340)	-	-	-	-	(10,340)
At March 31, 2019	92,335,447	221,400	731,797	2,315,075	1,882,599	97,486,318
Accumulated depreciation						
At March 31, 2017	6,984,081	42,278	690,698	1,188,880	-	8,905,937
Depreciation charge for the year	6,138,112	22,140	66,043	199,246	-	6,425,541
Retirement	(2,786,238)	-	(36,231)	-	-	(2,822,469)
At March 31, 2018	10,335,955	64,418	720,510	1,388,126	-	12,509,009
Depreciation charge for the year	11,298,424	22,140	11,287	204,938	-	11,536,789
Retirement	(4,363)	-	-	-	-	(4,363)
At March 31, 2019	21,630,016	86,558	731,797	1,593,064	-	24,041,435
Net book value						
At March 31, 2019	70,705,431	134,842	-	722,011	1,882,599	73,444,883
At March 31, 2018	18,930,314	156,982	11,287	387,791	265,078	19,751,452

10 Intangible Assets (Group)

	Customer relationship (R)	Customer relationship (R)	Intellectual property (R)	Software-Application (R)	Total (R)
At March 31, 2017	771,028	17,375,385	2,500,000	1,261,890	21,908,303
Additions	-	-	-	370,340	370,340
At March 31, 2018	771,028	17,375,385	2,500,000	1,632,230	22,278,643
Additions	-	-	-	1,492,140	1,492,140
At March 31, 2019	771,028	17,375,385	2,500,000	3,124,370	23,770,783
Accumulated Amortisation					
At March 31, 2017	(771,028)	(13,321,129)	(2,500,000)	(775,718)	(17,367,875)
Amortisation charge for the year	-	(1,737,538)	-	(704,879)	(2,442,417)
At March 31, 2018	(771,028)	(15,058,667)	(2,500,000)	(1,480,597)	(19,810,292)
Amortisation charge for the year	-	(1,737,538)	-	(639,449)	(2,376,987)
At March 31, 2019	(771,028)	(16,796,205)	(2,500,000)	(2,120,046)	(22,187,279)
Net Book Value					
At March 31, 2019	-	579,180	-	1,004,324	1,583,504
At March 31, 2018	-	2,316,718	-	151,633	2,468,351
Remaining Amortisation Period		4 Months		1 Year	

The gross carrying amount of fully depreciated property plant equipment & intangible that is still in use as at 31 March 2019 is ZAR 4,483,149.

Notes to the Consolidated Annual Financial Statements (continued)

	Group March 2019 R	Group March 2018 R
11 Deferred taxation		
Deferred tax liabilities	(8,510,710)	(4,787,620)
Deferred tax assets	11,460,378	6,800,720
	2,949,668	2,013,100
The balance of deferred tax is made up as follows :		
Deferred tax liability:		
Intangible assets	-	(648,681)
Obsolete Inventory	70,830	-
Contract liabilities/Deferred contract cost (Net)	7,907,006	-
Leases	(5,217,314)	(3,708,545)
Prepaid expenses	(9,756)	-
Deferred tax assets:		
Bonus provision	1,155,138	1,234,478
Contract liabilities	-	3,157,271
Leave pay provision	729,780	752,464
Bad debts Provision	-	1,540,622
Provision for Doubtful Debts	1,481,737	-
Net Prepayment	(3,121,470)	(430,396)
Other Current assets	115,887	115,887
IPR amortization cost	(162,170)	-
	2,949,668	2,013,100
12 Trade receivables		
Trade receivables	175,255,444	140,728,861
Less: Provision for doubtful debt	(7,055,888)	(7,336,296)
	168,199,556	133,392,565
Other Receivables		
Sundry receivables and deposit	36,280,643	21,747,900
Less: Provision for other current assets	(413,881)	(413,881)
	35,866,762	21,334,019

Trade receivables are generally non - interest bearing and are generally on 30 day terms.

Impairment of trade receivables under IFRS 9 for the year ended 31 March 2019

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses have also incorporated forward looking information. The loss allowance as at 31 March 2019 is determined as follows:

As at March 31, 2019 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
168,199,556	153,402,565	4,294,590	5,968,250	4,534,151

As at 31 March 2019

	Current	Upto 6 months past due	Over 6 months past due	Total
Expected credit loss rate (%)	0.14	1.89	54.99	**4.03**
Gross carrying amount (ZAR)	137,666,306	25,999,099	11,590,039	**175,255,444**
Expected credit loss (ZAR)	189,871	492,625	6,373,392	**7,055,888**

As at March 31, 2018 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
133,392,565	91,964,816	27,100,509	14,741,619	(414,379)

	Group March 2019 R	Group March 2018 R
13 Inventory		
Inventory in hand	13,104,774	1,386,028
Less: Provision for invntory	(252,965)	-
	12,851,809	1,386,028
14 Cash and cash equivalents		
Cash at Bank	53,006,438	115,040,956
Term Deposit	250,000,000	366,000,000
	303,006,438	481,040,956

Notes to the Consolidated Annual Financial Statements (continued)

	Group March 2019 R	Group March 2018 R
15 Deferred Contract Cost		
Deferred contract cost-Group	16,658,237	8,872,830
Deferred contract cost- Non Group	598,595	718,878
	17,256,832	**9,591,708**
16 Share capital		
Authorised capital		
40,000,000 (2018 : 40,000,000) ordinary no par value shares.	62,003,184	62,003,184
Issued		
40,000,000 (2018: 40,000,000) ordinary no par value shares.	61,439,999	62,003,184
17 Short Term Loans		
Loan From fellow subsidiaries	9,499,550	8,314,450
	9,499,550	**8,314,450**

Axon Solutions Limited
The loan bears interest at LIBOR+200 Basis Point per annum and is payable on demand.

	Group March 2019 R	Group March 2018 R
18 Owed to ultimate holding & fellow subsidaries		
Interest	1,739,024	4,444,846
Accrued expenses	24,792,629	8,872,834
Payables	119,799,529	219,196,915
	146,331,182	**232,514,595**
19 Trade and other payables		
Trade payables	16,544,138	16,271,071
Accruals	932,456	3,397,842
VAT Payable	13,123,557	11,267,615
Other payables	29,800,296	15,549,894
Contract liabilities	20,009,491	7,994,484
	80,409,938	**54,480,906**

a) Trade payables are non interest bearing and are normally settled on 60-day terms.
b) VAT liability is paid within a period of one month from date of recognition.

	Group March 2019 R	Group March 2018 R
20 Provisions		
Bonus	4,125,491	4,408,849
Leave encashment	2,606,359	2,687,371
Provision for LD/SLA Violation	(744)	3,152,377
	6,731,106	**10,248,597**

Movement of provisions	**Leave encashment**	**Bonus**	**LD/SLA Violation**	**Total**
Opening	2,687,371	4,408,849	3,152,377	10,248,597
Charge during the year	1,882,504	3,290,839	-	5,173,343
Payout during the year/reevrsal of provisions	(1,963,516)	(3,574,197)	(3,153,121)	(8,690,834)
Closing Balance	**2,606,359**	**4,125,491**	**(744)**	**6,731,106**

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 bonuses are expected to be settled within 1 year.

	Company March 2019 R	Company March 2019 R
21 Investment in subsidiaries		
Share at cost		
100% interest in issued share capital of HCL Axon Pty Limited	87,000,000	87,000,000
100% interest in issued share capital of HCL South Africa Pty Limited	2,975,000	2,975,000
	89,975,000	**89,975,000**

Notes to the Consolidated Annual Financial Statements (continued)

	Company March 2019	Company March 2019
22 Share Capital	**R**	**R**
Authorised capital		
40,000,000 (2018: 40,000,000) ordinary no par value shares	89,999,999	89,999,999
Issued		
11,234,999 (2018: 16,049,999) ordinary no par value shares	61,439,999	89,999,999

There was no movement of authorized capital during the year. However, the movement in issued capital is due to 4,815,000 shares repurchased from its subsidiary company HCL South Africa Share Ownership Trust.

23 Commitments

a) Operating lease commitments

The group has entered into operating leases consisting of land and buildings. These leases are non-cancellable and have remaining lease terms of between 1 and 5 years. Certain leases include a clause for renewal, and a clause to enable upward revision of the rental charges on an annual basis based on prevailing market conditions.

The future minimum lease payments under non-cancellable operating lease are as follows:

	March 2019	March 2018
	R	R
Not later than One Year	1,525,013	809,775
Later than one year but not later than five years	1,249,168	1,126,819
	2,774,181	**1,936,594**

b) Capital commitments

There are capital commitments at the balance sheet date March 31, 2019 amounting to ZAR 288,102 (2018: ZAR 112,824)

24 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. The company's exposure to the risk of changes in market interest rates relates primarily to the company's long term debt with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on deposits, loans and borrowings. With all other variables held constant, the company's profit before tax is affected through the impact on floating rate borrowings as follows;

Group

Increase / decrease in basis points	**Effect on profit before tax**	
	March 2019	March 2018
100	94,996	83,145
-100	(94,996)	(83,145)

Company

Increase / decrease in basis points	**Effect on profit before tax**	
	March 2019	March 2018
100	10,000	10,000
-100	-10,000	-10,000

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

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 Group 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 limits 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 clients. Additionally, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively.

Notes to the Consolidated Annual Financial Statements (continued)

24 Financial instrument risk management (Continued)

Exposure to credit risk

At the balance sheet date, the Group'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 12 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 Group. 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 12 (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.

	Mar 2019 Change in rate	Effect on profit before tax R	Mar 2018 Change in rate	Effect on profit before tax R
EUR	11.62%	(54,303)	2.16%	(22,365)
GBP	14.25%	(4,102,924)	-0.16%	66,145
INR	15.95%	(43,869)	100.00%	(34,009)
MYR	15.92%	(3,920)	1.42%	(3,137)
USD	22.48%	1,398,561	-11.47%	(5,415,570)
TRY	-	-	100.00%	(15,755)
CNY	14.55%	(288,631)	-2.84%	38,827
PLN	9.26%	(120,652)	100.00%	(542,134)
BRL	3.81%	(192,184)	-15.65%	122,777
CLP	9.18%	(23,775)	2.78%	(1,060)
SEK	10.29%	(84,240)	-5.20%	553
AED	22.49%	(741,089)	-	-
ARS	-44.07%	342,302	-32.18%	234,607
AUD	12.86%	(23,788)	-	-
SAR	22.47%	(233,970)	-11.45%	32,340
VEF	-	-	100.00%	141,423
CAD	17.59%	(245,040)	-	-
CHF	17.26%	(150,787)	-	-
MXN	15.45%	(15,600)	-	-
RUB	8.49%	(21,094)	-	-
SGD	18.44%	(107,188)	-	-
VES	100.00%	141,423	-	-
EUR	-11.62%	54,303	-2.16%	22,365
GBP	-14.25%	4,102,924	0.16%	(66,145)
INR	-15.95%	43,869	12.31%	(4,188)
MYR	-15.92%	3,920	-1.42%	3,137
USD	-22.48%	(1,398,561)	11.47%	5,415,570
TRY	-	-	18.48%	(2,911)
CNY	-14.55%	288,631	2.84%	(38,827)
PLN	-9.26%	120,652	-2.41%	13,063

Notes to the Consolidated Annual Financial Statements (continued)

24 Financial instrument risk management (Continued)

	Mar 2019 Change in rate	Effect on profit before tax R	Mar 2018 Change in rate	Effect on profit before tax R
BRL	-3.81%	192,184	15.65%	(122,777)
CLP	-9.18%	23,775	-2.78%	1,060
SEK	-10.29%	84,240	5.20%	(553)
AED	-22.49%	741,089	-	-
ARS	44.07%	(342,302)	32.18%	(234,607)
AUD	-12.86%	23,788	-	-
SAR	-22.47%	233,970	11.45%	(32,340)
VEF	-	-	-100.00%	(141,423)
CAD	-17.59%	245,040	-	-
CHF	-17.26%	150,787	-	-
MXN	-15.45%	15,600	-	-
RUB	-8.49%	21,094	-	-
SGD	-18.44%	107,188	-	-
VES	-100.00%	(141,423)	-	-

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 group 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.

Liabilities

		1 Year	2-5 Year	Over 5 year	Total
March 31, 2019					
Loan from subsidiaries	2.5% & 9% p.a.	9,499,550	-	-	9,499,550
Owed to ultimate holding company and fellow subsidiaries	Interest free	146,331,182	-	-	146,331,182
Trade and other payables	Interest free	60,400,447	-	-	60,400,447
Current tax payable	Interest free	1,985,195	-	-	1,985,195
Provisions	Interest free	6,731,106	-	-	6,731,106
March 31, 2018					
Loan from subsidiaries	2.5% & 9% p.a.	8,314,450	-	-	8,314,450
Owed to ultimate holding company and fellow subsidiaries	Interest free	232,514,595	-	-	232,514,595
Trade and other payables	Interest free	46,486,422	-	-	46,486,422
Current tax payable	Interest free	3,999,876	-	-	3,999,876
Provisions	Interest free	10,248,597	-	-	10,248,597

Company

March 31, 2019					
Loan from subsidiaries	2.5% & 9% p.a.	5,942,320	-	-	5,942,320
Trade and other payables	Interest free	30,465	-	-	30,465
March 31, 2018					
Loan from subsidiaries	2.5% & 9% p.a.	5,952,320	-	-	5,952,320
Trade and other payables	Interest free	33,242	-	-	33,242

Fair value

At March 31st 2019, the carrying amounts of cash, trade receivables, trade payables, approximate their fair values due to the short term maturities of these assets and liabilities.

Notes to the Consolidated Annual Financial Statements (continued)

25 Classification of financial instruments

Group

Mar 2019

	Loans & receivables / (financial liabilities at amortised cost)	Non-Financial assets / liabilities	Total
	R	R	R
Assets			
Trade and other receivables	168,199,556	46,141,012	214,340,569
Receivable from ultimate holding company, parent and fellow subsidiaries	18,374,831	-	18,374,831
Cash and cash equivalents	303,006,438	-	303,006,438
Unbilled receivable	38,728,958	-	38,728,958
Contract assets	1,374,334	-	1,374,334
Finance Lease Receivable	84,813,049	-	84,813,049
Deferred contract cost	-	17,261,644	17,261,644
Total	**614,497,166**	**63,402,656**	**677,899,823**

Liabilities			
Loan from fellow Subsidiary and parent company	9,499,550	-	9,499,550
Owed to ultimate holding company, parent and fellow subsidiaries	146,331,182	-	146,331,182
Trade and other payables	47,276,890	13,123,557	60,400,447
Contract liabilities	-	21,206,663	21,206,663
Total	**203,107,622**	**34,330,220**	**237,437,842**

Mar 2018

	Loans & receivables / (financial liabilities at amortised cost)	Non-Financial assets / liabilities	Total
	R	R	R
Assets			
Trade and other receivables	133,392,565	25,081,310	158,473,875
Receivable from ultimate holding company, parent and fellow subsidiaries	11,474,061	-	11,474,061
Cash and cash equivalents	481,040,956	-	481,040,956
Unbilled receivable	28,699,587	-	28,699,587
Finance Lease Receivable	76,434,243	-	76,434,243
Deferred contract cost	-	10,214,888	10,214,888
Total	**731,041,412**	**35,296,198**	**766,337,610**

Liabilities			
Loan from fellow Subsidiary and parent company	8,314,450	-	8,314,450
Owed to ultimate holding company, parent and fellow subsidiaries	232,514,595	-	232,514,595
Trade and other payables	35,218,807	11,267,615	46,486,422
Contract liabilities	-	12,336,484	12,336,484
Total	**276,047,852**	**23,604,099**	**299,651,951**

Company

Mar 2019

	Loans & receivables / (financial liabilities at amortised cost)	Non-Financial assets / liabilities	Total
	R	R	R
Assets			
Cash and cash equivalents	7,618,073	-	7,618,073
Total	**7,618,073**	**-**	**7,618,073**

Liabilities			
Loan from fellow Subsidiary and parent company	(5,942,320)	-	(5,942,320)
Trade and other payables	(30,465)	-	(30,465)
Total	**(5,972,785)**	**-**	**(5,972,785)**

Notes to the Consolidated Annual Financial Statements (continued)

25 Classification of financial instruments (continued)

Mar 2018

	Loans & receivables / (financial liabilities at amortised cost)	Non-Financial assets / liabilities	Total
	R	R	R
Assets			
Cash and cash equivalents	4,660,980	-	4,660,980
Total	**4,660,980**	**-**	**4,660,980**

Liabilities			
Loan from fellow Subsidiary and parent company	(5,952,320)	-	(5,952,320)
Trade and other payables	(33,242)	-	(33,242)
Total	**(5,985,562)**	**-**	**(5,985,562)**

26 Related party transactions

a) Related parties where control exists

Holding company

Axon Malaysia SDN BHD till 27th of February 2013
Axon Group Limited from 28th February 2013 onwards

Ultimate holding company

HCL Technologies Limited

Subsidiaries

HCL Technologies South Africa Proprietary Limited
HCL Axon Proprietary Limited

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

Ultimate holding company

HCL Technologies Limited

Fellow subsidiaries

HCL America Inc.
HCL Argentina s.a.
HCL (Brazil) Technologia da informacao Ltda.
HCL Mexico S. de R.L.
HCL Technologies, S.A.
HCL Technologies Colombia SAS
Axon Solutions Inc
HCL Axon Technologies Inc.-SD (fly Axon Solutions (Canada) I
HCL Great Britain Limited
FILIAL ESPAÑOLA DE HCL TECHNOLOGIES, S.L.
HCL Poland Sp.z.o.o.
HCL Technologies Limited- Ireland Branch
HCL Technologies Limited- Swiss Branch
HCL Technologies Ltd. Ogranizacni slozka(Czech Branch)
HCL EAS Limited,
HCL Sweden AB
HCL Technologies Limited - Finland Branch
HCL Hungary Kft
HCL Technologies Limited - Russia Branch
HCL (Netherlands) BV
HCL Technologies Romania s.r.l.
HCL Technologies Germany Gmbh
HCL Technologies UK Limited
HCL Technologies B.V
HCL (Ireland) Information Systems Limited
HCL Technologies Belgium BVBA
HCL GmbH
Axon Group Limited UK
Axon Solutions Limited
HCL Technologies Chile Spa
HCL Technologies Sweden AB
HCL Technologies Italy SPA
HCL İstanbul Bilişim Teknolojileri Limited Şirketi
HCL Technologies Greece Single Member P.C.
HCL Belgium NV
HCL Technologies Denmark Apps
HCL Technologies Norway AS
HCL Technologies Sweden (IOMC)
CeleritiFintech Limited
HCL Technologies France
HCL Australia Services Pty. Limited
HCL Arabia LLC
HCL Technologies Middle East FZ- LLC
HCL Hong Kong SAR Limited
JSP Consulting Sdn Bhd
Axon Solutions (Shanghai) Co. Ltd.
HCL Axon Malaysia Sdn Bhd-Software Division
PT. HCL Technologies Indonesia
HCL Technologies Philippines Inc.
HCL Axon Solutions (Shanghai) Co., Ltd., Beijing Branch
HCL Technologies Beijing Co., Ltd.
HCL Technologies (Shanghai) Limited
HCL Axon Solutions (Shanghai) Co., Ltd Tianjin Branch
HCL Technologies Vietnam
HCL Technologies Middle E
HCL AXON MALAYSIA SDN BHD
HCL Tech. Finland Oy
HCL Technologies Limited- UAE Branch
HCL Singapore Pte Limited
HCL Japan Limited
HCL Technologies Limited - Israel Branch
HCL (New Zealand) Limited

Notes to the Consolidated Annual Financial Statements (continued)

Group

c) Transactions with related parties during the year in ordinary courses of business

Particulars	Fellow subsidiaries		Ultimate holding company	
	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2018
	R	R	R	R
Interest expenses				
Axon Solutions Limited	419,725	314,152	-	-
HCL EAS Limited	-	586,603	-	-
Total	**419,725**	**900,755**	**-**	**-**
Insurance expenses				
HCL Technologies Limited	-	-	309,495	92,129
Total	**-**	**-**	**309,495**	**92,129**
Marketing Cost				
HCL Great Britain Limited	28,018,401	23,676,076	-	-
HCL Technologies Middle E	3,068,694	-	-	-
Total	**31,087,095**	**23,676,076**	**-**	**-**
Consulting charges				
HCL Technologies Limited	-	-	323,916,539	311,189,189
Axon Solutions (Shanghai) Co. Ltd.	19,024	64,039	-	-
Axon Solutions Inc.	(168,479)	3,659	-	-
Axon Solutions Limited	(182,255)	(641,723)	-	-
HCL (Brazil) Technologia da informacao Ltda.	6,246,334	220,535	-	-
HCL America Inc. + 4220	1,164,848	1,093,647	-	-
HCL Argentina s.a.	39,509	477,186	-	-
HCL Australia Services Pty. Limited	400,754	43,058	-	-
HCL Axon Malaysia Sdn Bhd-Software Division	403,034	238,004	-	-
HCL Axon Solutions (Shanghai) Co., Ltd., Beijing Branch	500,932	672,024	-	-
HCL Belgium NV	-	47,958	-	-
HCL GmbH	458,070	367,908	-	-
HCL Great Britain Limited	3,721,039	11,666,497	-	-
HCL İstanbul Bilişim Teknolojileri Limited Şirketi	-	15,755	-	-
HCL Japan Limited	1,523,910	225,076	-	-
HCL (Netherlands) BV	-	45,698	-	-
HCL Poland Sp.z.o.o.	2,755,229	542,134	-	-
HCL Arabia LLC	525,537	617,385	-	-
HCL Technologies Beijing Co., Ltd.	175,250	112,162	-	-
HCL Technologies B.V	(284,566)	165,478	-	-
HCL Technologies Chile Spa	329,452	38,130	-	-
HCL Technologies Denmark Apps	2,379,383	322,933	-	-
HCL Technologies Italy SPA	-	115,243	-	-
HCL Technologies Middle East FZ- LLC	-	(630)	-	-
HCL Technologies Sweden (IOMC)	-	134,050	-	-
HCL Technologies UK Limited	4,826,488	3,603,952	-	-
FILIAL ESPAÑOLA DE HCL TECHNOLOGIES, S.L.	21,005	-	-	-
HCL Axon Technologies Inc.-SD (fly Axon Solutions (Canada) I	2,733,057	-	-	-
HCL Mexico S. de R.L.	100,965	-	-	-
HCL Singapore Pte Limited	623,735	-	-	-
HCL Technologies (Shanghai) Limited	1,700,643	-	-	-
HCL Technologies France	224,312	-	-	-
HCL Technologies Limited - Russia Branch	248,549	-	-	-
HCL Technologies Limited- Swiss Branch	873,643	-	-	-
HCL Technologies Sweden AB	807,722	-	-	-
HCL Technologies Ltd Ireland	9,434	-	-	-
HCL Technologies Germany	3,546,191	-	-	-
HCL Tech. Belgium BVBA	183,725	-	-	-
HCL Technologies Vietnam	9,014	-	-	-
HCL Technologies Middle E	226,342	-	-	-
HCL AXON MALAYSIA SDN BHD	24,624	-	-	-
Total	**36,166,454**	**20,190,158**	**323,916,539**	**311,189,189**

Notes to the Consolidated Annual Financial Statements (continued)

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

Particulars	Fellow subsidiaries		Ultimate holding company	
	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2018
	R	R	R	R
Software Income				
HCL Technologies Limited	-	-	2,369,613	546,147
Axon Solutions Inc	-	158,464	-	-
Axon Solutions Limited	-	292,835	-	-
CeleritiFintech Limited	-	809,065	-	-
HCL (Ireland) Information Systems Limited	-	14,109	-	-
HCL America Inc. + 4220	4,249,385	6,253,202	-	-
HCL Australia Services Pty. Limited	830,470	2,970,321	-	-
HCL Axon Technologies Inc.-SD (fly Axon Solutions (Canada) I	289,015	141,968	-	-
HCL Great Britain Limited	96,514	479,459	-	-
HCL Hong Kong SAR Limited	11,381	234,137	-	-
HCL Hungary Kft	-	41,521	-	-
HCL Japan Limited	-	505,787	-	-
HCL Singapore Pte Limited	3,396,752	2,198,798	-	-
HCL Sweden AB	-	149,165	-	-
HCL Technologies (Shanghai) Limited	210,441	180,593	-	-
HCL Technologies B.V	1,042,167	442,729	-	-
HCL Technologies Germany Gmbh	-	92,787	-	-
HCL Technologies Greece Single Member P.C.	-	210,095	-	-
HCL Technologies Italy SPA	-	1,347,240	-	-
HCL Technologies Limited - Russia Branch	262,125	182,170	-	-
HCL Technologies Limited - Finland Branch	543,968	189,119	-	-
HCL Technologies Limited- Ireland Branch	-	473,133	-	-
HCL Technologies Limited- Swiss Branch	23,853	18,538	-	-
HCL Technologies Middle East FZ- LLC	390,484	185,512	-	-
HCL Technologies Norway AS	8,442	37,563	-	-
HCL Technologies UK Limited	12,666,543	2,462,737	-	-
HCL Technologies, S.A.	-	(118,709)	-	-
PT. HCL Technologies Indonesia	-	93,853	-	-
HCL (Brazil) Technologia da informacao Ltda.	484,404	-	-	-
HCL Technologies Belgium BVBA	982,291	-	-	-
HCL Technologies Chile Spa	614,338	-	-	-
HCL Technologies France	24,072	-	-	-
HCL Technologies Limited- UAE Branch	1,135,438	-	-	-
HCLTechnologies Sweden AB	129,983	-	-	-
HCL Tech. Finland Oy	760,297	-	-	-
HCL Istanbul Bilisim Tekn	105,350	-	-	-
HCL (NEWZEALAND) LIMITED	71,544	-	-	-
HCL Axon Tech.(Shanghai)	2,120,860	-	-	-
Total	**30,450,117**	**20,046,191**	**2,369,613**	**546,147**

Notes to the Consolidated Annual Financial Statements (continued)

d) Transactions with related parties during the year in ordinary courses of business (Continued)

Particulars	As at March 31, 2019	As at March 31, 2018
	R	R
Trade payable		
HCL Technologies Limited	81,736,541	183,630,483
Axon Solutions (Shanghai) Co. Ltd.	-	63,315
Axon Solutions Inc	-	3,659
Axon Solutions Limited	350,998	77,750
HCL (Brazil) Technologia da informacao Ltda.	5,042,460	682,387
HCL America Inc.	1,366,874	986,870
HCL Argentina s.a.	123,445	464,297
HCL Australia Services Pty. Limited	186,385	-
HCL Axon Malaysia Sdn Bhd-Software Division	-	242,537
HCL Axon Solutions (Shanghai) Co., Ltd., Beijing Branch	276,604	925,507
HCL Belgium NV	-	47,315
HCL GmbH	458,070	26,744
HCL Great Britain Limited	16,126,398	26,602,832
HCL İstanbul Bilişim Teknolojileri Limited Şirketi	-	15,843
HCL (Netherlands) BV	-	45,183
HCL Poland Sp.z.o.o.	1,303,580	533,675
HCL Arabia LLC	249,390	273,343
HCL Technologies (Shanghai) Limited	1,592,015	233,041
HCL Technologies Beijing Co., Ltd.	131,893	110,353
HCL Technologies B.V	-	164,515
HCL Technologies Chile Spa	299,320	37,318
HCL Technologies Greece Single Member P.C.	-	186,462
HCL Technologies Limited - Russia Branch	268,991	-
HCL Technologies Sweden AB	785,933	-
HCL Technologies UK Limited	3,178,858	3,843,485
HCL TECHNOLOGIES MEXICO,	103,664	-
HCL AXON TECH INC - SD	1,406,487	-
HCL Technologies Ltd Irel	9,434	-
HCL Technologies Ltd Swis	873,643	-
HCL Singapore Pte Limited	581,415	-
HCL Technologies Middle E	3,113,427	-
HCL Technologies Middle E	209,080	-
HCL AXON MALAYSIA SDN BHD	24,624	-
Total (A)	**119,799,529**	**219,196,914**
Other Current Liabilities		
HCL Technologies Limited	15,564,775	8,872,834
HCL Technologies Vietnam	9,014	-
Total (B)	**15,573,789**	**8,872,834**
Interest Payable		
HCL EAS Limited,	-	3,309,301
Axon Solutions Limited	1,304,582	755,300
Axon Group Limited UK	434,443	380,245
Total (C)	**1,739,025**	**4,444,846**
Total (A)+(B)+(C)	**137,112,343**	**232,514,594**

Notes to the Consolidated Annual Financial Statements (continued)

d) Transactions with related parties during the year in ordinary courses of business (Continued)

Particulars	As at March 31, 2019 R	As at March 31, 2018 R
Trade receivable		
HCL Technologies Limited	182,593	548,190
Axon Solutions (Shanghai) Co. Ltd.	2,120,860	70,509
Axon Solutions Inc	-	11,029
Axon Solutions Limited	9,815	776,564
CeleritiFintech Limited	-	(102,963)
HCL (Brazil) Technologia da informacao Ltda.	483,914	1,659,118
HCL (Ireland) Information Systems Limited	-	3,457
HCL (New Zealand) Limited	-	19,115
HCL America Inc. + 4220	2,347,303	2,809,738
HCL Argentina s.a.	(12,116)	7,085
HCL Australia Services Pty. Limited	813,252	700,108
HCL Axon Technologies Inc.-SD (fly Axon Solutions (Canada) I	48,581	45,659
HCL Great Britain Limited	-	112,795
HCL Hong Kong SAR Limited	-	75,870
HCL Hungary Kft	-	41,521
HCL İstanbul Bilişim Teknolojileri Limited Şirketi	-	(147,101)
HCL Japan Limited	-	505,792
HCL Singapore Pte Limited	1,232,054	655,264
HCL Technologies (Shanghai) Limited	773,488	879,529
HCL Technologies B.V	16,510	442,729
HCL Technologies Chile Spa	648,953	444,059
HCL Technologies Colombia SAS	28,233	28,855
HCL Technologies Germany Gmbh	-	47,485
HCL Technologies Greece Single Member P.C.	-	210,095
HCL Technologies Italy SPA	-	1,347,240
HCL Technologies Limited - Russia Branch	124,442	45,577
HCL Technologies Limited - Finland Branch	369,696	189,119
HCL Technologies Limited- Swiss Branch	-	18,538
HCL Technologies Norway AS	2,122	(5,160)
HCL Technologies UK Limited	4,680,810	(227,878)
HCL Technologies, S.A.	-	25
JSP Consulting Sdn Bhd	-	7,641
PT. HCL Technologies Indonesia	-	70,199
HCL Technologies Middle East FZ- LLC	390,484	-
HCL Tech. Belgium BVBA	982,291	-
HCLTechnologies Sweden AB	129,983	-
HCL Tech. Finland Oy	874,341	-
HCL Technologies Ltd UAE	554,485	-
Total	**16,802,094**	**11,289,803**
Short-term loans payable		
Axon Solutions Limited	9,499,550	8,314,450
Total	**9,499,550**	**8,314,450**
Unbilled revenue		
HCL Technologies Limited	15,873	-
Total	**15,873**	-
Other Receivable		
HCL Technologies Limited	252,369	184,258
HCL ARGENTINA S.A.	16,976	-
Hcl (Brazil) Tecnologia D	457,032	-
HCL America Inc. (Axon)	38,434	-
HCL Technologies UK Ltd.	72,842	-
HCL Technologies B.V.	9,426	-
HCLTechnologies Chile SPA	411,108	-
JSP Consulting Sdn Bhd	7,641	-
HCL Axon Tech.(Shanghai)	70,509	-
PT. HCLT Indonesia	18,578	-
HCL Technologies Shangha	217,822	-
Total	**1,572,737**	**184,258**
Deferred Contract Cost		
HCL Technologies Limited	16,658,237	8,872,830
Total	**16,658,237**	**8,872,830**

Notes to the Consolidated Annual Financial Statements (continued)

Company

Outstanding balances with related parties

Particulars	Fellow subsidiaries		Ultimate holding company	
	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2018
	R	R	R	R
Trade Receivables				
HCL Technologies South Africa (Proprietary) Limited	-	100,000	-	-
Total	-	**100,000**	-	-
Short term loan				
HCL Axon (Pty) Ltd.	1,000,000	1,000,000	-	-
Total	**1,000,000**	**1,000,000**	-	-
Accounts Payable				
HCL Axon (Pty) Ltd.	4,802,403	4,802,403	-	-
HCL Technologies South Africa Proprietary Limited	(100,000)	-	-	-
Total	**4,702,403**	**4,802,403**	-	-
Interest accrued on short term loan				
HCL Axon (Pty) Ltd.	239,917	149,917	-	-
Total	**239,917**	**149,917**	-	-

Particulars	Fellow subsidiaries		Ultimate holding company	
	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2018
	R	R	R	R
Interest on short term loan				
HCL Axon Pty Limited	90,000	67,808	-	-
Total	**90,000**	**67,808**	-	-
Dividend Income				
HCL Axon Pty Limited	31785450	-	-	-
Total	**31785450**	-	-	-

Terms and conditions of transactions with related parties

The sales to and purchase from related parties are made at the terms equivalent to those that prevails in arm's length transactions. 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 31st March 2019, the company has not recorded any impairment of receivables relating to amounts owned by related parties.

27 Remuneration to directors and key management personnel

All the directors and key management personnel of the Anzsopan Group 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. The directors do not believe that it is practicable to apportion the remuneration paid between their services as directors and key management personnel of the Anzospan Group and their services as directors and key management personnel of the other group companies within the HCL group.

28 Retirement benefits

All eligible employees are members of the HCL Axon S.A.319 Pty 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 Pty 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 benefit in Note 3.

29 Capital management

	March 2019	March 2018
Share capital	61,439,999	62,003,184
Accumulated profit	579,849,664	534,767,052
	641,289,663	**596,770,236**

Capital includes equity shares and equity attributable to the equity holders of the parent. The primary objective of the Group'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 Group manages its capital structure and makes adjustment to it, in light of change in economic conditions.To maintain the capital structure, the group may issue new shares.

30 Financial Lease

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

2019

Year	Minimum Lease Rent Receivable	Present Value of Lease Rent Receivable	Interest Included in Lease Rent Receivable
2019-20	48,080,477	42,053,374	6,027,686
2020-21	14,266,514	10,537,561	3,728,952
2021-22	13,673,360	10,980,786	2,692,574
2022-23	13,866,560	12,272,916	1,593,645
2023-24	9,320,734	8,968,413	352,321
Total	**99,207,645**	**84,813,050**	**14,395,178**

2018

Year	Minimum Lease Rent Receivable	Present value of Lease Rent Receivable	Interest included in lease rent receivable
2018-19	56,307,777	50,770,887	5,536,889
2019-20	25,872,156	24,477,762	1,394,394
2020-21	717,516	694,112	23,405
2021-22	175,051	164,068	10,983
2022-23	364,157	327,414	36,742
Total	**83,436,657**	**76,434,243**	**7,002,413**

31 Previous year compartive

Certain prior year's figures have been reclassified to conform to the current financial statement presentation.