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

Consolidated and Separate Financial Statements for the year ended 31 March 2023

Audited financial statements
in compliance with Companies Act of South Africa

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 (Indian citizen) Raghu Raman Lakshmanan (United States citizen) Sundaram Sridharan (Singapore citizen) (resigned w.e.f. June 30,2023) Goutam Roungta (Indian citizen)
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	KPMG Inc. Chartered Accountants (S.A.) Registered Auditors
Company registration number	2011/006085/07
Preparer of financial statements	**Vibhor Kapoor** Associate Chartered Accountant (India)

General Information (Continued)

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Prateek Aggarwal
Prateek Aggarwal (Jul 24, 2023 20:46 GMT+5.5)

Prateek Aggarwal
Authorised Director

Raghu Raman Lakshmanan
Raghu Raman Lakshmanan (Jul 24, 2023 10:55 CDT)

Raghu Raman Lakshmanan
Authorised Director

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 and the requirements of Companies Act. 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 2023 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 auditing 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 6, 7 and 8.

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 24 July 2023.

Directors' Report of Anzospan Investments Pty Limited and its subsidiaries

1. 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.

2. 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.

Directors' Report (continued)

3. 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 attributable to shareholder R 118,887,579 (2022 Profit: R 56,558,816)

Net profit of the company was R 104,924,510 (2022 Profit: R 78,006,722)

4. Going Concern

The group earned a profit for the period ended 31 March 2023 of R 118,887,579 as compared to profit in last year ended 31 March 2022 – R 56,558,816 and as at that date its total assets exceeded its total liabilities by R 502,816,447 (2022: R 502,419,269). In addition, current assets exceed current liabilities by R 345,383,904 (2022: R 309,213,090). The company earned a profit for the year ended 31 March 2023 of R 104,924,510 as compared to the profit in last year (2022: R 78,006,722) and as at that date its total assets exceeded its total liabilities by R 281,013,131 (2022: 294,579,021). In addition, current assets exceed current liabilities by R 2,621,399 (2022: 3,581,666) Based on our current knowledge and available information, we do not expect COVID19 to have an impact on our ability to continue as a going concern in the future. Accordingly, the financial statements have been prepared on a going concern basis.

5. Share capital

South African Laws related to the Broad Based Black Economic Empowerment ("BBBEE"), prescribe companies to take additional actions for upliftment of Black nationals and enhance their economic participation. The laws mandate 51% effective black ownership in South African entities for attaining higher BEE rating. BEE rating is required for companies to attain higher recognition and be eligible to participate in RFPs floated by South Africa based clients who show preference to work with service providers with at least Level 2 BEE rating.

For attaining the shareholding requirement of more than 51% of black ownership in HCL Technologies Pty Limited (operating entity), necessary restructuring took place in previous years wherein Axon Group Limited donated its 30% holding in Anzospan Investment Pty Limited and Anzospan Investment Pty Limited transferred its 48% shares held in HCL Technologies South Africa Pty Limited to Trusts created for the benefit of black people.

Authorised share capital of the Company is 40,000,000 (Forty million) each Class A and Class B ordinary no par value shares. Total issued and fully subscribed capital of the company is Class A 26,215,000 no par value shares issued to Axon Group Limited and Class B 11,235,000 no par value shares issued to HCL Foundation Trust.

6. Directors

Particulars of the present directors are given below in the table.

S.No	Name of Directors	Director Type	Date of Appointment
1	Raghu Raman Lakshmanan	Non-Executive	15-03-2011
2	Sundaram Sridharan	Non-Executive	31-03-2016 (resigned w.e.f. June 30,2023)
3	Prateek Aggarwal	Non-Executive	26-10-2018
4	Goutam Roungta	Non-Executive	24-03-2011

7. Holding company

The Company's Holding Company is Axon Group Limited, incorporated in the UK. With effect from 31 January, 2020 Axon Group Limited donated 30% of its holding to HCL Foundation Trust.

Directors' Report (continued)

8. Dividends

During the current financial year ended 31 March 2023, the company paid a dividend of ZAR 118,490,400. There was dividend paid by the company last year ended March 2022 of ZAR 61,200,000.

9. Auditors

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

10. Subsequent events

There is no fraud or material circumstances has occurred between the accounting date and date of this report which significantly affect the financial position of the company or the results of its operations.

Prateek Aggarwal
Prateek Aggarwal (Jul 24, 2023 20:46 GMT+5.5)

Prateek Aggarwal
Authorised Director

Raghu Raman Lakshmanan
Raghu Raman Lakshmanan (Jul 24, 2023 10:55 CDT)

Raghu Raman Lakshmanan
Authorised Director

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Independent Auditor's Report

To the shareholders of Anzospan Investments (Pty) Limited

Opinion

We have audited the consolidated and separate financial statements of Anzospan Investments (Pty) Limited (the Group and Company) set out on pages 9 to 45, which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Anzospan Investments (Pty) Limited as at 31 March 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS 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 consolidated and separate financial statements* section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Anzospan Investments (Pty) Limited Annual Financial Statements for the year ended 31 March 2023", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and 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 group and/or company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 group's and 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 Group and 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 consolidated and separate 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 group and/or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 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.

KPMG Inc.

M.A. Sithole

Per MA Sithole
Partner
Registered Auditor
Director
25 July 2023

Statements of comprehensive income for the year ended 31 March 2023

	Notes	Group March 23 R	Group March 22 R
Revenue	2	2,109,865,547	1,622,862,664
Cost of sales		(1,819,275,206)	(1,372,079,472)
Gross profit		**290,590,341**	**250,783,192**
Other operating reversal/(expenses)	7	379,152	(36,378,349)
Other income	4	5,731,968	10,075,550
Selling and distribution expenses		(63,565,779)	(66,712,706)
(Provision)/reversal of provision for bad debts	3	(3,264,293)	2,936,631
Administrative expenses		(62,807,514)	(66,301,985)
Operating profit		**167,063,875**	**94,402,333**
Finance cost	5	(315,885)	(712,358)
Profit before taxation	3	**166,747,990**	**93,689,975**
Income tax	6	(47,860,411)	(37,131,159)
Profit after taxation		**118,887,579**	**56,558,816**
Other comprehensive income		-	-
Total comprehensive income for the year		**118,887,579**	**56,558,816**

	Notes	Company March 2023 R	Company March 2022 R
Dividend income		118,490,400	62,734,000
Operating (expenses)/income	7	(13,555,792)	15,291,934
		104,934,608	**78,025,934**
Other income/(expenses)	8	12,390	(2,729)
Operating profit		104,946,998	78,023,205
Finance expenses	9	(22,488)	(16,483)
Profit for the year		104,924,510	78,006,722
Total comprehensive income for the year		104,924,510	78,006,722

Statement of financial position as at 31 March 2023

	Notes	Group March 23 R	Group March 22 R
Assets			
Non current Assets			
Property , plant and equipment	10	21,774,640	35,630,356
Right-of-use assets	28	-	553,555
Intangible assets	11	3,307,154	23,680,059
Goodwill	12	124,730,903	124,730,903
Deferred contract cost	13	20,377,701	23,902,304
Deferred tax assets (Net)	14	4,275,585	8,168,048
Finance lease receivables	15	74,880,060	60,105,767
Other receivable		19,953,954	18,330,904
		269,299,997	**295,101,896**
Current Assets			
Cash and cash equivalents	16	169,167,316	270,915,783
Receivable from fellow subsidiaries	17	29,348,102	17,587,363
Inventory	18	3,590,766	10,906,281
Contract assets		35,892,460	19,835,711
Unbilled receivables	19	34,107,258	15,357,417
Trade receivables	20	501,797,274	334,174,409
Other receivables	20	29,226,944	93,071,834
Finance lease receivables	15	68,663,663	37,229,972
Deferred contract cost	13	37,340,894	25,721,974
		909,134,677	**824,800,744**
Total Assets		**1,178,434,674**	**1,119,902,640**
Equity and Liabilities			
Equity			
Share capital	21	61,440,099	61,440,099
Share based payment reserve	22	42,525,000	42,525,000
Retained earnings		398,851,348	398,454,170
		502,816,447	**502,419,269**
Liabilities			
Non Current Liabilities			
Contract liabilities	23	14,086,102	4,383,073
Share based payment obligation	32	96,649,938	97,029,090
Lease liability	28	511,084	483,554
Provisions	25	620,329	-
		111,867,453	**101,895,717**
Current Liabilities			
Owed to ultimate holding company and fellow subsidiaries	26	329,501,948	204,166,332
Trade and other payables	27	136,166,891	189,452,343
Contract liabilities	23	76,561,937	100,853,653
Lease liability	28	779,000	1,358,225
Current tax payable	29	8,221,363	9,244,679
Provisions	25	12,519,634	10,512,422
		563,750,773	**515,587,654**
Total Equity and Liabilities		**1,178,434,674**	**1,119,902,640**

Statement of financial position as at 31 March 2023

	Notes	Company March 2023 R	Company March 2022 R
Assets			
Investments	30	333,741,030	374,327,430
Current Assets			
Cash and cash equivalents		2,489,076	7,037,643
Other receivables		431,428	9,843
Total Assets		**336,661,534**	**381,374,916**
Equity and Liabilities			
Equity			
Share capital	21	61,440,099	61,440,099
Retained earnings		219,573,032	233,138,922
		281,013,131	**294,579,021**
Liabilities			
Non Current Liabilities			
Share based payment obligation	32	55,349,297	83,330,074
		55,349,297	**83,330,074**
Current Liabilities			
Trade and other payables		299,106	3,465,821
		299,106	**3,465,821**
Total Equity and Liabilities		**336,661,534**	**381,374,916**

Statement of changes in equity for the year ended 31 March 2023

Group	Share Capital R	Share Based Payment Reserve R	Retained Earnings R	Total R
Mar'2021				
Opening Balance as on 01 April 2021	61,440,099	103,175,741	403,095,354	567,711,194
Total comprehensive income	-	-	56,558,816	56,558,816
Dividend paid	-	-	(61,200,000)	(61,200,000)
Reclassification to share based payment liability	-	(60,650,741)	-	(60,650,741)
Balance at 31 March 2022	**61,440,099**	**42,525,000**	**398,454,170**	**502,419,269**
Mar'2022				
Opening Balance as on 01 April 2022	61,440,099	42,525,000	398,454,170	502,419,269
Total comprehensive income	-	-	118,887,579	118,887,579
Dividend paid (Note-1)	-	-	(118,490,400)	(118,490,400)
Balance at 31 March 2023	**61,440,099**	**42,525,000**	**398,851,348**	**502,816,447**

Note-1- During the year Group has paid an interim dividend of ZAR 118,490,400. Amount of dividend paid to Axon Group Limited on 15-12-2022 at the rate of ZAR 4.38 per Class A equity share of face value ZAR 1 each amounts to ZAR 114,935,688 and dividend paid to HCL Foundation Trust on 15-12-2022 at the rate of ZAR 0.32 per Class B equity share of face value ZAR 1 each amounts to ZAR 3,554,712.

Statement of changes in equity for the year ended 31 March 2023

Company	Share Capital R	Retained Earnings R	Total R
Mar'2022			
Opening Balance as on 01 April 2021	61,440,099	216,332,200	277,772,299
Total comprehensive income	-	78,006,722	78,006,722
Dividend paid	-	(61,200,000)	(61,200,000)
			-
Balance at 31 March 2022	**61,440,099**	**233,138,922**	**294,579,021**
Mar'2023			
Opening Balance as on 01 April 2022	61,440,099	233,138,922	294,579,021
Total comprehensive income	-	104,924,510	104,924,510
Dividend paid (Note-1)	-	(118,490,400)	(118,490,400)
			-
Balance at 31 March 2023	**61,440,099**	**219,573,032**	**281,013,131**

Note-1- During the year Company has paid an interim dividend of ZAR 118,490,400. Amount of dividend paid to Axon Group Limited on 15-12-2022 at the rate of ZAR 4.38 per Class A equity share of face value ZAR 1 each amounts to ZAR 114,935,688 and dividend paid to HCL Foundation Trust on 15-12-2022 at the rate of ZAR 0.32 per Class B equity share of face value ZAR 1 each amounts to ZAR 3,554,712.

Statement of cash flows for the year ended 31 March 2023

	Note	Group March 2023 R	Group March 2022 R
Cash flows from operating activities			
Profit before tax		166,747,990	93,689,975
Adjusted for :			
Depreciation and amortization		37,669,241	39,349,068
Depreciation for right of use asset		594,278	522,066
Interest income		(11,797,479)	(11,047,225)
Provision/(reversal) of provision for bad debts		3,264,293	(2,936,631)
Loss on sale of fixed assets		6,791	-
Unrealised forex		2,585,962	(587,320)
Interest expenses		49,054	58,106
Cash inflows before working capital changes		**199,120,130**	**119,048,039**
Movement in working capital changes			
(Increase)/Decrease in trade and other receivables		(155,738,076)	(140,339,830)
Decrease / (Increase) in Inventories		7,315,515	(8,565,561)
(Increase)/Decrease in Deferred cost-current and non current		(8,094,316)	13,400,015
(Increase)/Decrease in Finance lease receivables-current and non current		(45,324,341)	28,745,369
(Decrease)/Increase in share based payment obligation		(379,152)	36,378,349
Decrease in Income tax payable		(1,324,041)	(656,271)
Increase/(Decrease) in current liabilities		73,297,722	(28,532,410)
(Decrease)/Increase in deferred revenue		(14,588,687)	63,343,422
Cash flow from operations		**54,284,755**	**82,821,122**
Income tax paid		(43,628,820)	(43,878,344)
Net cash inflow from operating activities		**10,655,935**	**38,942,778**
Cash flows from investing activities			
Sale of fixed assets		-	3,224,463
Purchase of fixed assets		(2,444,564)	(10,099,104)
Sale of intangible assets		-	638,334
Purchase of intangible assets		(1,002,846)	-
Interest income		11,797,479	11,047,225
Net cash inflow from investing activites		**8,350,069**	**4,810,918**
Cash flows from financing activities			
Payment of lease liabilities		(1,526,134)	(1,006,973)
Loan repayment		-	(10,195,100)
Dividend paid		(118,490,400)	(61,200,000)
Interest paid		(737,937)	(165,328)
Net cash used in financing activites		**(120,754,471)**	**(72,567,401)**
Net (Decrease) in cash and cash equivalents		(101,748,467)	(28,813,705)
Cash and cash equivalents at the beginning of the year		270,915,783	299,729,488
Cash and cash equivalents at the end of the year	16	**169,167,316**	**270,915,783**

Statement of cash flows for the year ended 31 March 2023

	Company March 2023 R	Company March 2022 R
Cash flows from operating activities		
Profit/(loss) after tax	104,924,510	78,006,722
(Decrease)/Increase in trade payables	(3,166,715)	3,350,807
Increase/(Decrease) in share based payment obligation	(27,980,777)	(34,338,625)
(Increase)/Decrease in other receivables	(421,585)	144,995
Decrease in value of investment	40,586,400	18,144,000
Dividend Income	(118,490,400)	(62,734,000)
Net cash (used)/inflow in operating activities	**(4,548,567)**	**2,573,899**
Cash flows from investing activities		
Dividend income	118,490,400	62,734,000
Net cash inflow from investing activites	**118,490,400**	**62,734,000**
Cash flows from financing activities		
Dividend paid	(118,490,400)	(61,200,000)
Net cash used in financing activites	**(118,490,400)**	**(61,200,000)**
Total cash movement for the year	**(4,548,567)**	**4,107,899**
Cash and cash equivalents at the beginning of the year	7,037,643	2,929,744
Cash and cash equivalents at the end of the year	**2,489,076**	**7,037,643**

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

The financial statements for the year ended 31st March 2023 were approved and authorized for issue by the Board of Directors on 24 July 2024.

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

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

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

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

The following are the finite lives of the tangible assets in the group for the current and prior year:

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

Accounting policies (Continued)

1.3 Property, plant and equipment(continued)

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.

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

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

Group as a lessee

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

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

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

Accounting policies (Continued)

1.5 Leases (Continued)

Group as lessee (continued)

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

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

Group as a lessor

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

Leases in which the group transfers substantially all the risk and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the present value of lease receivable. After initial recognition, the group 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 consolidated statement of profit and loss. Initial direct costs such as legal cost, brokerage cost etc. are recognized immediately in the statement of profit and loss.

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

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.

Accounting policies (Continued)

1.6 Intangible assets (continued)

The following are the finite lives of the intangible assets in the group for the current and prior year.

Category	Finite lives
Customer Relationship	10 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 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

<u>Financial assets</u>

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

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash in banks and short-term deposits and investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purposes of the cash flow statement, cash and cash equivalents are considered net of outstanding bank overdrafts that are repayable on demand and are considered part of the Group's cash management system. In the consolidated balance sheet, bank overdrafts are presented under borrowings within current liabilities.

Accounting policies (continued)

1.8 Financial instruments (continued)

Financial assets at amortized cost

A financial asset is measured at the amortized cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

A financial asset is classified and measured at fair value through OCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent solely payments of principal and interest

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

Financial assets at Fair Value through Profit and Loss

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

Equity investments

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

Derecognition of financial assets

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

Impairment of financial assets

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

Accounting policies (continued)

1.8 Financial instruments (continued)

Financial liabilities

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

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

Financial liabilities at fair value through profit or loss

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

Financial liabilities at amortized cost

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

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

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

Derecognition

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

Offsetting of financial instruments

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

1.9 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.

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.

Accounting policies (continued)

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

Contracts involving provision of services and material

Revenue is recognized when, or as, control of a promised service or good transfers to a customer, in an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring those products or services. To recognize revenues, the following five step approach is applied: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied. Contract is accounted when it is legally enforceable through executory contracts, approval and commitment from all parties, the rights of the parties are identified, payment terms are defined, the contract has commercial substance and collectability of consideration is probable.

Time-and-material / Volume based / Transaction based contracts

Revenue with respect to time-and-material, volume based and transaction based contracts is recognized as the related services are performed through efforts expended, volume serviced transactions are processed etc. that correspond with value transferred to customer till date which is related to our right to invoice for services performed.

Fixed Price contracts

Revenue related to fixed price contracts where performance obligations and control are satisfied over a period of time like technology integration, complex network building contracts, ERP implementations and Application development are recognized based on progress towards completion of the performance obligation using a cost-to-cost measure of progress (i.e., percentage-of-completion (POC) method of accounting). Revenue is recognized based on the costs incurred to date as a percentage of the total estimated costs to fulfill the contract. Any revision in cost to complete would result in increase or decrease in revenue and such changes are recorded in the period in which they are identified.

Revenue related to other fixed price contracts providing maintenance and support services, are recognized based on our right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If our invoicing is not consistent with value delivered, revenues are recognized as the service is performed based on the cost to cost method described above.

In arrangements involving sharing of customer revenues, revenue is recognized when the right to receive is established.

Revenue from product sales are shown net of sales tax and applicable discounts and allowances. Revenue related to product with installation services that are critical to the product is recognized when installation of product at customer site is completed and accepted by the customer. If the revenue for a delivered item is not recognized for non-receipt of acceptance from the customer, the cost of the delivered item continues to be in inventory.

Accounting policies (continued)

1.11 Revenue recognition (continued)

Multiple performance obligations

When a sales arrangement contains multiple performance, such as services, hardware and Licensed IPs (software) or combinations of each of them revenue for each element is based on a five-step approach as defined above. To the extent a contract includes multiple promised deliverables, judgment is applied to determine whether promised deliverables are capable of being distinct and are distinct in the context of the contract. If these criteria are not met, the promised deliverables are accounted for as a combined performance obligation. For arrangements with multiple distinct performance obligations or series of distinct performance obligations, consideration is allocated among the performance obligations based on their relative selling price. selling price is the price at which entity would sell a promised good or service separately to the customer. When not directly observable, we typically estimate selling price by using the expected cost plus a margin approach. We typically establish a selling price range for our deliverables, which is reassessed on a periodic basis or when facts and circumstances change. If the arrangement contains obligations related to License of Intellectual property (Software) or Lease deliverable, the arrangement consideration allocated to the Software deliverables, lease deliverable as an entity is then allocated to each software obligation and lease deliverable.

Revenue recognition for delivered elements is limited to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified return or refund privileges.

Revenue from certain activities in transition services in outsourcing arrangements are not capable of being distinct or represent separate performance obligation. Revenues relating to such transition activities are classified as Contract liabilities and subsequently recognized over the period of the arrangement. Direct and incremental costs in relation to such transition activities which are expected to be recoverable under the contract are considered as contract fulfilment costs classified as Deferred contract cost and recognized over the period of arrangement. Certain upfront non-recurring incremental contract acquisition costs incurred in the initial phases of outsourcing contracts are deferred and recorded as Deferred contract cost and amortized, usually on a straight line basis, over the term of the contract unless revenues are earned and obligations are fulfilled in a different pattern. The undiscounted future cash flows from the arrangement are periodically estimated and compared with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

In instances when revenue is derived from sales of third-party vendor services, material or licenses, revenue is recorded on a gross basis when the entity is a principal to the transaction and net of costs when the entity is acting as an agent between the customer and the vendor. Several factors are considered to determine whether the entity is a principal or an agent, most notably being entity control the goods or service before it is transferred to customer, latitude in deciding the price being charged to customer. Revenue is recognized net of discounts and allowances, value-added and service taxes, and includes reimbursement of out-of-pocket expenses, with the corresponding out-of-pocket expenses included in expenses.

Volume discounts, or any other form of variable consideration is estimated using either the sum of probability weighted amounts in a range of possible consideration amounts (expected value), or the single most likely amount in a range of possible consideration amounts (most likely amount), depending on which method better predicts the amount of consideration realizable. Transaction price includes variable consideration only to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of our anticipated performance and all information that is reasonably available to us.

Revenue recognized but not billed to customers is classified either as contract assets or unbilled receivable in our statements of financial position, contract assets primarily relate to unbilled amounts on those contracts utilizing the cost to cost method of revenue recognition. Unbilled receivables represent contracts where right to consideration is unconditional (i.e. only the passage of time is required before the payment is due).

Accounting policies (continued)

1.11 Revenue recognition (continued)

Other income

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

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the 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 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.

1.13 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.

1.14 Fair value measurement

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

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

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

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

Accounting policies (continued)

1.14 Fair value measurement (continued)

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

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

1.15 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.

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

Accounting policies (continued)

1.15 Impairment (continued)

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 Inventories

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

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

1.17 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.

1.18 Cash and Cash Equivalents

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

1.19 Equity instruments

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

1.20 Equity settled share based payment

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

Accounting policies (continued)

1.21 Cash settled share based payment

During the previous year ended March 31, 2020, for meeting the requirements of Broad-Based Black Economic Empowerment Act of South Africa and attaining the requisite shareholding requirement of 51.8% black ownership in HCL Technologies Pty Limited (operating entity), necessary restructuring took place, wherein Axon Group Limited (part of HCL group) donated its 30% holding in Anzospan Investment Pty Limited to HCL Foundation Trust and Anzospan Investment Pty Limited sold its 24% shares held in HCL Technologies South Africa Pty Limited each to HCL BEE Trust and HCL Ownership Trust respectively, created for the benefit of black people.

These are recognised as a liability in the statement of financial position. The liability is remeasured at each reporting date and at settlement date based on the fair valuation of the underlying entity. Any changes in the liability is recognised in the profit or loss.

1.22 Significant accounting judgements and estimates

Judgements

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

Estimation uncertainty

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

Depreciation rates

Property, plant and equipment are depreciated on a straight line basis over the expected useful lives of the various classes of assets, after taking into account residual values.

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.

Impairment of goodwill

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

Accounting policies (continued)

1.23 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.

1.24 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.

1.25 New Standards and Interpretations

A number of new standards, amendments to standards, interpretations and amendments are effective for annual periods beginning on or after 31 March 2023 and have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group do not plan to early adopt these standards. These will be adopted in the period that they become mandatory unless otherwise indicated.

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

Standard/Interpretation		**Date issued by IASB**	**Effective date Periods beginning on or after**
IAS 8 amendment	*Definition of Accounting Estimates*	Feb-21	1-Jan-23
IAS 1 and IFRS Practice Statement 2 amendment	*Disclosure Initiative: Accounting Policies*	Feb-21	1-Jan-23
IAS 12 amendment	*Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*	May-21	1-Jan-23
IFRS 10 and IAS 28 amendment	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Sep-14	Deferred indefinitely by amendments made in December 2015
IFRS 17	Insurance Contracts	May-17	1-Jan-23
IFRS 17 amendments	Insurance Contracts	Jun-20	1-Jan-23
IAS 1 amendment	Classification of liabilities as current or non-current	Jan-20	1 January 2023 (tentatively deferred to 1 January 2024 or later)
IFRS 16 amendment	Lease liability in a sale and leaseback	Sep-22	1 January 2024

Notes to the Consolidated Financial Statements

	Group March 2023 R	Group March 2022 R
2 Revenue from contract with customers		
Total revenue comprise:		
Service income	1,884,473,293	1,576,880,726
Sale of goods*	68,046,017	39,134,738
Sale under capital lease	157,346,237	6,847,200
	2,109,865,547	**1,622,862,664**
*Sale of goods comprises of sale of IT hardware items to customers		
Timing of revenue recognition		
Goods transferred at a point in time	225,392,254	45,981,938
Services transferred over time	1,884,473,293	1,576,880,726
Total revenue from contract with customers	**2,109,865,547**	**1,622,862,664**
3 The group's profit before tax is arrived at after charging:		
Depreciation on plant and equipment	16,293,490	16,532,289
Depreciation on right-of-use assets	594,278	522,066
Amortization of intangibles assets	21,375,751	22,816,779
Operating lease expenses	13	152,257
Auditor's remuneration	895,254	636,839
Consulting charges	1,127,738,914	854,973,044
Cost of good sold	157,824,911	37,149,610
Loss on sale of capital assets	6,791	-
Other cost	388,197,689	376,136,289
Employee benefits		
Salaries	226,069,789	190,185,685
Bonus	6,651,619	3,052,673
	1,945,648,499	**1,502,157,531**
4 Other income		
Exchange (loss)/gain, net	(6,465,511)	(1,282,636)
Interest income	11,797,479	11,047,225
Donation	400,000	310,961
	5,731,968	**10,075,550**
5 Finance expense		
Interest paid		
Interest on short term loan	-	9,105
Interest expense on lease liability	49,054	49,001
Late payment charges	26,739	471,691
Bank charges	240,092	182,561
	315,885	**712,358**
6 Taxation		
Current tax	43,967,948	42,278,142
Deferred tax	3,892,463	(5,146,983)
	47,860,411	**37,131,159**
Accounting profit before income tax	166,747,990	93,689,975
Statutory income tax	60,874,887	49,438,543
Adjustments in respect of current income tax of previous years	(11,266,594)	(6,172,314)
Adjustments in respect of deferred income tax of previous years	11,473,995	5,865,753
Non-deductible expenses for tax purposes	102,993	(170,823)
Exempt income : Dividend	(14,566,500)	(11,830,000)
Others	373,012	-
Rate impact	868,618	-
At the effects income tax rate	47,860,411	37,131,159
Income tax expenses reported in the statement of profit or loss	**(47,860,411)**	**(37,131,159)**
Movements in current income tax liabilities		
Balance, at beginning of financial year	**9,244,679**	**11,501,155**
Income tax paid	(43,628,820)	(44,679,338)
	(34,384,141)	**(33,178,183)**
Prior year's over provision	(11,266,593)	(6,172,314)
Current financial year's tax	54,247,213	48,446,280
Foreign witholding tax	69,078	(648,574)
Currency translation difference	27,867	(3,524)
Written off	(472,061)	-
Refund	-	800,994
Balance, at end of financial year	**8,221,363**	**9,244,679**

Notes to the Consolidated Financial Statements (continued)

	Group March 2023 R	Group March 2022 R
7 Other Operating Expenses		
Share based payment (reversal)/expense	(379,152)	36,378,349
	(379,152)	**36,378,349**

	Company March 2023 R	Company March 2022 R
Professional charges	550,169	502,691
Share based payment expense	12,605,623	(16,194,625)
Other expenses	400,000	400,000
	13,555,792	**(15,291,934)**
8 Other expenses		
Exchange gain/(loss), net	12,390	(2,729)
	12,390	**(2,729)**
9 Finance costs		
Bank charges	22,488	16,483
	22,488	**16,483**

10 Property, plant and equipment (Group)

	Computer equipment (R)	Plant & Machinery (R)	Office equipment (R)	Furniture & fittings (R)	Under construction (R)	Total (R)
At March 31, 2021	**98,960,626**	**221,400**	**523,074**	**2,090,363**	**63,869**	**101,859,334**
Additions	8,735,738	102,614	222,096	-	1,038,656	10,099,104
Retirement	(9,540,278)	-	-	-	-	(9,540,278)
At March 31, 2022	**98,156,086**	**324,014**	**745,170**	**2,090,363**	**1,102,525**	**102,418,160**
Additions	846,176	-	63,070	-	1,535,318	2,444,564
Retirement	(13,849)	-	-	-	-	(13,849)
At March 31, 2023	**98,988,414**	**324,014**	**808,240**	**2,090,363**	**2,637,843**	**104,848,875**
Accumulated depreciation						
At March 31, 2021	**54,617,285**	**130,838**	**158,921**	**1,664,284**	**-**	**56,571,329**
Depreciation charge for the year	16,301,381	29,899	117,855	83,154	-	16,532,289
Retirement	(6,315,815)	-	-	-	-	(6,315,815)
At March 31, 2022	**64,602,851**	**160,737**	**276,776**	**1,747,438**	**-**	**66,787,803**
Depreciation charge for the year	16,033,685	32,401	144,250	83,154	-	16,293,490
Retirement	(7,058)	-	-	-	-	(7,058)
At March 31, 2023	**80,629,478**	**193,138**	**421,026**	**1,830,591**	**-**	**83,074,235**
Net book value						
At March 31, 2023	**18,358,936**	**130,876**	**387,214**	**259,773**	**2,637,843**	**21,774,640**
At March 31, 2022	**33,553,235**	**163,277**	**468,394**	**342,925**	**1,102,525**	**35,630,356**

11 Intangible Assets (Group)

	Customer relationship (R)	Software-Application (R)	Total (R)
At March 31, 2021	**20,812,620**	**69,261,657**	**90,074,277**
Additions	-	-	-
Disposal	-	(638,334)	(638,334)
At March 31, 2022	**20,812,620**	**68,623,323**	**89,435,943**
Additions	-	1,002,846	1,002,846
Disposal	-	-	-
At March 31, 2023	**20,812,620**	**69,626,169**	**90,438,789**
Accumulated Amortisation			
At March 31, 2021	**(18,232,224)**	**(24,706,881)**	**(42,939,105)**
Amortisation charge for the year	(526,648)	(22,290,131)	(22,816,779)
Amortisation reversal on assets	-	-	-
At March 31, 2022	**(18,758,872)**	**(46,997,012)**	**(65,755,884)**
Amortisation charge for the year	(380,207)	(20,995,544)	(21,375,751)
Amortisation reversal on assets	-	-	-
At March 31, 2023	**(19,139,079)**	**(67,992,556)**	**(87,131,635)**
Net Book Value			
At March 31, 2023	**1,673,541**	**1,633,613**	**3,307,154**
At March 31, 2022	**2,053,748**	**21,626,311**	**23,680,059**

The gross carrying amount of fully depreciated property plant equipment & intangible that is still in use as at 31st March 2023 is ZAR 87,190,072.

Notes to the Consolidated Financial Statements (continued)

	Group March 2023 R	Group March 2022 R
12 Goodwill		
Opening balance	124,730,903	124,730,903
	124,730,903	**124,730,903**

The table below shows the values and lives of intangible assets recognized on acquisition of select IBM software products for security, marketing, commerce, and digital solutions::

Asset description	Amount (ZAR)	Life (Years)	Basis of amortization
Customer relationships	3,437,235	10	In proportion of estimated revenue
Goodwill - IBM software products	6,016,784	-	-
Goodwill - Axon	118,714,119	-	

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

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

The aggregate carrying amounts of goodwill allocated	124,730,903	124,730,903
	124,730,903	**124,730,903**

The recoverable amount of the unit was based on its value in use, determined by discounting the future cash flows that generated from the business acquired. Value in use was computed based on the following key assumptions:

i.) Cash flows were projected based on the financial year ended 31 March 2023 actual operating results and the Company's 5-years business plan, with average net margin applied of 8% (2022: 8%) per annum for the years 2024 to 2028.

ii.) The terminal value was estimated using the perpetuity growth model, with a weighted average growth rate to perpetuity of 2% (2022: 2%).

iii.) A pre-tax discount rate of 20% (2022: 17%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on an industry average weighted average cost of capital.

With regard to the assessment of value in use of this CGU, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of this CGU to differ materially from its recoverable amount except for the changes in the prevailing operating environment, the impact of which is not expected to be significant.

13 Deferred Contract Cost		
Non Current		
Deferred contract cost-non group	20,377,701	23,902,304
	20,377,701	**23,902,304**
Currect		
Deferred contract cost-group (refer note 35 (d))	23,926,835	15,250,453
Deferred contract cost-non Group	13,414,059	10,471,521
	37,340,894	**25,721,974**
	57,718,595	**49,624,278**
14 Deferred taxation (net)		
Deferred tax liabilities	(4,079,149)	(12,305,049)
Deferred tax assets	8,354,735	20,473,097
	4,275,585	**8,168,048**

	Statement of Financial Position		Statement of Comprehensive Income	
	31 March 2023	**31 March 2022**	**31 March 2023**	**31 March 2022**
Obsolete Inventory	81,000	61,443	(19,557)	(5,443)
Contract liability / Deferred contract cost (Net)	3,339,490	15,572,201	12,232,712	(3,982,757)
Bonus provision	2,449,017	1,972,497	(476,520)	(315,228)
Other payroll liability	15,572	629,570	613,998	(629,570)
Other current assets	-	919,035	919,035	706,268
Leave pay provision	1,098,773	970,981	(127,792)	34,126
Provision for doubtful debts	742,191	252,000	(490,191)	490,632
Other provisions	603,322	84,479	(518,843)	(84,479)
Tangible assets	(47,726)	(362,653)	(314,927)	221,758
Net Prepayment	(2,299,296)	(3,261,270)	(961,975)	980,812
IPR amortization cost	(451,855)	(575,049)	(123,193)	(147,461)
Finance lease	(1,262,482)	(8,106,078)	(6,843,597)	(2,404,748)
Leases	7,579	10,892	3,313	(10,892)
Deferred tax (expense)/benefit	-	-	**3,892,463**	**(5,146,982)**
Net deferred tax assets	**4,275,585**	**8,168,048**	-	-

	Group March 2023 R	Group March 2022 R
14 Deferred taxation (continued)		
Reconciliation of deferred tax assets, net		
As of 1 April 2022	8,168,048	3,021,066
Tax income (expense) during the year recognized in profit and loss	(3,892,463)	5,146,982
As at 31 March 2023	**4,275,585**	**8,168,048**

15 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:-

2023

Year	Minimum Lease Rent Receivable	Present Value of Lease Rent Receivable	Interest Included in Lease Rent Receivable
2023-24	71,702,136	68,663,663	3,038,473
2024-25	53,523,061	51,329,468	2,193,594
2025-26	19,136,179	18,141,950	994,229
2026-27	5,648,954	5,408,643	240,311
Total	**150,010,330**	**143,543,724**	**6,466,607**

2022

Year	Minimum Lease Rent Receivable	Present Value of Lease Rent Receivable	Interest Included in Lease Rent Receivable
2022-23	40,234,046	37,229,972	3,004,074
2023-24	31,864,374	30,658,199	1,206,175
2024-25	20,335,872	19,893,761	442,111
2025-26	9,503,808	9,426,004	77,804
2026-27	129,123	127,803	1,320
Total	**102,067,223**	**97,335,739**	**4,731,484**

	Group March 2023 R	Group March 2022 R
16 Cash and cash equivalents		
Cash at Bank	166,167,316	165,915,783
Term Deposit	3,000,000	105,000,000
	169,167,316	**270,915,783**
17 Receivable from fellow subsidiaries		
Trade Receivable-group (refer note 36 (d))	25,432,360	16,774,374
Unbilled Revenue-group (refer note 36 (d))	1,573,554	509,262
Other Receivable-group (refer note 36 (d))	2,342,188	303,727
	29,348,102	**17,587,363**

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

	Group March 2023 R	Group March 2022 R
18 Inventory		
Inventory in hand	9,897,933	12,696,020
Less: Provision for inventory	(6,307,167)	(1,789,739)
	3,590,766	**10,906,281**

Inventories are hardware as component requirement that are used to support the installation of the company's service to customers. These are mainly servers, storage devices, backup devices & networking equipment which are purchased from vendor & bill will be billed to the customer as & when project requirement will be received.

	Group March 2023 R	Group March 2022 R
19 Unbilled Receivables		
Unbilled Receivables	34,107,258	40,241,757
Accrued Revenue	-	(24,884,340)
	34,107,258	**15,357,417**
20 Trade receivables		
Trade receivables	506,378,699	335,491,541
Less: Provision for doubtful debt	(4,581,425)	(1,317,132)
	501,797,274	**334,174,409**
Other Receivables		
Sundry receivables and deposit	29,226,944	96,354,103
Less: Provision for other current assets	-	(3,282,269)
	29,226,944	**93,071,834**

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

As at March 31, 2023 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
506,378,699	410,739,661	66,431,396	22,419,283	6,788,359

As at 31 March 2023

	Current	Upto 6 months past due	Over 6 months past due	Total
Expected credit loss rate (%)	0.03	1.48	46.43	**0.90**
Gross carrying amount (ZAR)	410,739,661	88,850,679	6,788,359	**506,378,699**
Expected credit loss (ZAR)	110,121	1,319,312	3,151,992	**4,581,425**

Notes to the Consolidated Financial Statements (continued)

	Group March 2023	Group March 2022
	R	R

20 Trade receivables (continued)

As at March 31, 2022 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
334,174,409	254,868,943	50,445,003	24,216,425	4,644,038

As at 31 March 2022

	Current	Upto 6 months past due	Over 6 months past due	Total
Expected credit loss rate (%)	0.03	0.92	45.54	**0.39**
Gross carrying amount (ZAR)	298,021,666	35,517,217	1,952,658	**335,491,541**
Expected credit loss (ZAR)	100,355	327,512	889,265	**1,317,132**

21 Share capital

	Group March 2023	Group March 2022
Authorised capital		
40,000,000 each Class A and Class B ordinary no par value shares	62,003,184	62,003,184
Issued		
26,215,000 Class A and 11,235,000 Class B no par value shares	61,440,099	61,440,099

22 Share Based Payment Reserve

	Group March 2023	Group March 2022
Share Based Payment Reserve	42,525,000	42,525,000

For attaining the shareholding requirement of more than 51% of black ownership in HCL Technologies Pty Limited (operating entity), necessary restructuring took place in previous years, wherein Axon Group Limited (part of HCL group) donated its 30% holding in Anzospan Investment Pty Limited to HCL Foundation Trust and Anzospan Investment Pty Limited transferred its 24% shares held in HCL Technologies South Africa Pty Limited each to HCL BEE Trust and HCL Ownership Trust respectively, created for the benefit of black people.

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

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

Valuation date	31 January 2020
Settlement date	31 March 2040
Call option exercise date	31 March 2040
Annual dividend yield	13.04%
Interest Rate	12.25%
Equity value of operating company	ZAR 636.55 M

23 Contract liabilities

	Group March 2023	Group March 2022
Current	76,561,937	100,853,653
Non-Current	14,086,102	4,383,073
	90,648,039	**105,236,726**

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

24 Remaining performance obligations and Contract balances

Remaining performance obligations

Remaining performance obligations are subject to variability due to several factors such as terminations, change in scope of contracts, periodic revalidations of the estimates, economic factors (change in currency rates, tax laws etc.). As at 31 March 2023, the aggregate amount of transaction price allocated to remaining performance obligations as per the requirements of IFRS 15 was ZAR 3,593 millions (31st March 2022, ZAR 1,903 millions). This is after exclusions of below:

a) Contracts for which we recognize revenues based on the right to invoice for services performed,

b) Variable consideration allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation, or

c) Variable consideration in the form of a sales-based or usage-based royalty promised in exchange for a license of intellectual property.

Contract balances

Contract assets : A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets are recognized where there is excess of revenue over the billings. Revenue recognized but not billed to customers is classified either as contract assets or unbilled receivable in balance sheet. Contract assets primarily relate to unbilled amounts on fixed price contracts using the cost to cost method of revenue recognition. Unbilled receivables represents contracts where right to consideration is unconditional (i.e. only the passage of time is required before the payment is due).

	Group March 2023 R	Group March 2022 R

24 Remaining performance obligations and Contract balances (continued)

Contract balances (continued)

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

The below table discloses the movement in balances of contract liabilities :

	Group March 2023 R	Group March 2022 R
Balance as at beginning of the year	105,236,726	41,893,304
Additional amounts billed but not recognized as revenue	71,487,256	85,871,426
Deduction on account of revenues recognized during the year	(86,075,943)	(22,528,004)
Balance as at end of the year	**90,648,039**	**105,236,726**

25 Provisions

	Group March 2023 R	Group March 2022 R
Current		
Leave encashment	4,069,531	3,467,790
Bonus	8,450,103	7,044,632
	12,519,634	**10,512,422**
Non Current		
Bonus	620,329	-
	620,329	**-**

Movement of provisions	**Leave encashment**	**Bonus**	**Total**
Opening	3,467,790	7,044,632	10,512,422
Charge during the year	2,908,120	14,896,493	17,804,613
Payout during the year/reversal of provisions	(2,306,379)	(12,870,693)	(15,177,072)
Closing Balance	**4,069,531**	**9,070,432**	**13,139,963**

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.

26 Owed to ultimate holding & fellow subsidaries

	Group March 2023 R	Group March 2022 R
Advances from fellow subsidiaries (refer note 36 (d))	3,893,720	3,073,049
Interest-group (refer note 36 (d))	2,742,409	2,373,440
Accrued expenses-group (refer note 36 (d))	190,721,999	169,724,030
Payables-group (refer note 36 (d))	132,143,820	28,995,813
	329,501,948	**204,166,332**

Amount owed to ultimate holding and fellow subsidiaries arose from normal trade transactions.They are unsecured, interest-free and repayable on normal trading terms.

27 Trade and other payables

	Group March 2023 R	Group March 2022 R
Trade payables	51,733,004	89,452,604
Customer discount	88,712	88,740
Accruals	25,279,624	37,668,512
VAT payable	20,158,002	31,738,079
Other payables	38,907,549	30,504,408
	136,166,891	**189,452,343**

a) Trade payables are non interest bearing and are normally settled on 30-60 day terms.

b) VAT liability is paid within a period of one month from date of recognition.

Notes to the Consolidated Financial Statements (continued)

	Group March 2023 R	Group March 2022 R

28 Lease and Right-of-use assets

The Groups leasing arrangements are in respect of leases for office spaces only. The Group doesn't foresee any major changes in lease terms or the leases in the foreseeable future as per current business projections after considering the impact of COVID - 19.

The details of the right-of-use asset held by the entity is as follows:

Building

	Group March 2023 R	Group March 2022 R
At 1 April 2022	553,555	-
Additions	40,723	1,075,621
Charge for the year	(594,278)	(522,066)
At March 31, 2023	**-**	**553,555**

Lease liability

	Group March 2023 R	Group March 2022 R
Capital lease obligation - non currrent	511,084	483,554
Capital lease obligation - currrent	779,000	1,358,225
	1,290,084	**1,841,779**

The reconciliation of lease liabilities is as follows:

	Group March 2023 R	Group March 2022 R
At 01 April 2022	**1,841,778**	**541,639**
Additions	925,385	2,258,111
Amounts recognized in statement of comprehensive income as interest expense	49,054	49,001
Payment of lease liability	(1,526,134)	(1,006,973)
At March 31, 2023	**1,290,083**	**1,841,778**

The following table presents a maturity analysis of expected undiscounted cash flows for lease liabilities as on 31 March 2023.

Particulars	Group March 2023 R	Group March 2022 R
Not later than one year	794,573	1,337,556
Between one and three years	515,793	478,206
Total Lease Payments	**1,310,366**	**1,815,762**
Imputed Interest	(20,283)	(26,016)
Total Lease Liabilities	**1,290,083**	**1,841,778**

29 Current tax payable

	Group March 2023 R	Group March 2022 R
Advance Tax	(87,367,148)	(43,052,807)
Income Tax Provisions	95,588,511	52,297,486
	8,221,363	**9,244,679**

30 Investment in subsidiaries

Share at cost

	Group March 2023 R	Group March 2022 R
35% interest in issued share capital of HCL Technologies Pty Limited. (formerly known as HCL Axon Pty Limited)	30,450,000	30,450,000
52% interest in issued Class A share capital of HCL Technologies South Africa Pty Limited	303,291,030	343,877,430
	333,741,030	**374,327,430**

31 Share capital

	Group March 2023 R	Group March 2022 R
Authorised capital		
40,000,000 each Class A and Class B ordinary no par value shares (2021 : 40,000,000 each Class A and Class B no par value shares)	89,999,999	89,999,999
Issued		
26,215,000 Class A and 11,235,000 Class B no par value shares (2021: 26,215,000 Class A and 11,235,000 Class B no par value shares)	61,440,099	61,440,099

Notes to the Consolidated Annual Financial Statements (continued)

	Group March 2023 R	Group March 2022 R
32 Share based payment obligation		
Share based payment obligation	96,649,938	97,029,090

	Company March 2023 R	Company March 2022 R
Share based payment obligation	55,349,297	83,330,074

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

Valuation date	31 March 2023
Settlement date	31 March 2040
Call option exercise date	31 March 2040
Annual dividend yield	13.04%
Interest Rate	12.25%
Equity value of operating company	ZAR 636.55 M
Risk free rates	3M JIBAR zero curve

33 Commitments

a) Capital commitments

Capital commitment are for estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) as at the balance sheet date March 31, 2023 amounting Nil (2022: ZAR 847,057)

34 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.

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 groups 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.

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 20 to the financial statements.

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

Credit risk concentration profile

The Groups's determines concentrations of credit risk by monitoring the country profile of its trade receivables and contract assets on an on-going basis. The credit risk concentration profile of the Groups's trade and contract assets at the reporting date is as follows:-

	Group March 2023 R	Group March 2022 R
South Africa	546,922,942	366,463,796
United States of America	16,082,626	4,289,116
Uganda	102,138	14,607
Argentina	14,387	16,976
	563,122,093	**370,784,495**

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

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20 (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).

34 Financial instrument risk management (Continued)

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 group's profit before tax due to changes in the fair value of monetary assets and liabilities.

	Mar 2023 Change in rate	Effect on profit before tax R	Mar 2022 Change in rate	Effect on profit before tax R
EUR	20.11%	(528,657)	-7.31%	111,828
GBP	15.55%	(2,718,813)	-6.52%	217,071
INR	13.08%	(1,568)	-5.38%	(243)
MYR	16.74%	(22,490)	-3.38%	24,452
USD	22.60%	147,726	-2.04%	796,841
CNY	0.00%	-	1.24%	(15,513)
BRL	14.85%	(1,034,832)	18.53%	(859,127)
CLP	0.00%	-	-9.80%	14,865
SEK	10.19%	(1,084)	-8.33%	886
AED	0.00%	-	-2.03%	2,146
COP	-0.84%	72	-2.74%	69
UGX	16.47%	16,492	0.13%	63
AUD	9.41%	(17,374)	0.00%	-
ARS	-30.77%	86,819	-18.75%	47,133
BGN	0.00%	-	-7.31%	17,965
CRC	50.18%	(56,074)	-9.20%	57,714
CZK	0.00%	-	-0.86%	2,356
HUF	0.00%	-	-8.99%	5,161
IDR	0.00%	-	-0.65%	512
LKR	0.00%	-	-33.42%	121,603
MXN	0.00%	-	1.12%	(6,157)
SAR	0.00%	-	-2.05%	205
THB	0.00%	-	-7.81%	18,244
TRY	0.00%	-	-44.29%	6,732
TWD	0.00%	-	-2.33%	19,153
VND	0.00%	-	-1.03%	186
CHF	23.61%	(137,620)	0.00%	-
RUB	29.69%	(225,547)	0.00%	-
EUR	-20.11%	528,657	7.31%	(111,828)
GBP	-15.55%	2,718,813	6.52%	(217,071)
INR	-13.08%	1,568	5.38%	243
MYR	-16.74%	22,490	3.38%	(24,452)
USD	-22.60%	(147,726)	2.04%	(796,841)
CNY	0.00%	-	-1.24%	15,513
BRL	-14.85%	1,034,832	-18.53%	859,127
CLP	0.00%	-	9.80%	(14,865)
SEK	-10.19%	1,084	8.33%	(886)
AED	0.00%	-	2.03%	(2,146)
COP	0.84%	(72)	2.74%	(69)
UGX	-16.47%	(16,492)	-0.13%	(63)
AUD	-9.41%	17,374	0.00%	-
ARS	30.77%	(86,819)	18.75%	(47,133)
BGN	0.00%	-	7.31%	(17,965)
CRC	-50.18%	56,074	9.20%	(57,714)
CZK	0.00%	-	0.86%	(2,356)
HUF	0.00%	-	8.99%	(5,161)
IDR	0.00%	-	0.65%	(512)
LKR	0.00%	-	33.42%	(121,603)
MXN	0.00%	-	-1.12%	6,157
SAR	0.00%	-	2.05%	(205)
THB	0.00%	-	7.81%	(18,244)
TRY	0.00%	-	44.29%	(6,732)
TWD	0.00%	-	2.33%	(19,153)
VND	0.00%	-	1.03%	(186)
CHF	-23.61%	137,620	0.00%	-
RUB	-29.69%	225,547	0.00%	-

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.

34 Financial instrument risk management (Continued)

Liabilities

		1 Year	2-5 Years	Over 5 Years	Total
March 31, 2023					
Owed to ultimate holding company and fellow subsidiaries	Interest free	329,501,948	-	-	329,501,948
Trade and other payables	Interest free	136,166,891	-	-	136,166,891
March 31, 2022					
Owed to ultimate holding company and fellow subsidiaries	Interest free	204,166,332	-	-	204,166,332
Trade and other payables	Interest free	189,452,343	-	-	189,452,343
Company					
March 31, 2023					
Trade and other payables	Interest free	299,106	-	-	299,106
March 31, 2022					
Trade and other payables	Interest free	3,465,821	-	-	3,465,821

Fair value

At March 31st 2023, the carrying amounts of cash, trade receivables, trade payables, approximate their fair values due to the short term maturities of these assets and liabilities.

35 Classification of financial instruments

Group

Mar 2023

	Loans & receivables / (financial liabilities at amortised cost)	Non-Financial assets / liabilities	Total
	R	R	R
Assets			
Trade and other receivables	501,797,274	49,180,899	550,978,172
Receivable from ultimate holding company, parent and fellow subsidiaries	29,348,102	-	29,348,102
Cash and cash equivalents	169,167,316	-	169,167,316
Unbilled receivable	34,107,258	-	34,107,258
Contract assets	35,892,460	-	35,892,460
Finance Lease Receivable	143,543,723	-	143,543,723
Deferred contract cost	-	57,718,594	57,718,594
Total	**913,856,133**	**106,899,493**	**1,020,755,625**

Liabilities			
Owed to ultimate holding company, parent and fellow subsidiaries	329,501,948	-	329,501,948
Trade and other payables	116,008,889	20,158,002	136,166,891
Lease liability	1,290,083	-	1,290,083
Contract liabilities	-	90,648,039	90,648,039
Total	**446,800,920**	**110,806,041**	**557,606,961**

Notes to the Consolidated Financial Statements (continued)

35 Classification of financial instruments (continued)

Group

Mar 2022

	Loans & receivables / (financial liabilities at amortised cost)	Non-Financial assets / liabilities	Total
	R	R	R
Assets			
Trade and other receivables	334,174,409	111,402,738	445,577,147
Receivable from ultimate holding company, parent and fellow subsidiaries	17,587,363	-	17,587,363
Cash and cash equivalents	270,915,783	-	270,915,783
Unbilled receivable	15,357,417	-	15,357,417
Contract assets	19,835,711	-	19,835,711
Finance Lease Receivable	97,335,739	-	97,335,739
Deferred contract cost	-	49,624,278	49,624,278
Total	**755,206,422**	**161,027,016**	**916,233,438**

Liabilities			
Owed to ultimate holding company, parent and fellow subsidiaries	204,166,332	-	204,166,332
Trade and other payables	157,714,264	31,738,079	189,452,343
Lease liability	1,841,779	-	1,841,779
Contract liabilities	-	105,236,726	105,236,726
Total	**363,722,375**	**136,974,805**	**500,697,180**

Company

Mar 2023

	Loans & receivables / (financial liabilities at amortised cost)	Non-Financial assets / liabilities	Total
	R	R	R
Assets			
Receivable from ultimate holding company, parent and fellow subsidiaries	-	431,428	431,428
Cash and cash equivalents	2,489,076	-	2,489,076
Total	**2,489,076**	**431,428**	**2,920,504**

Liabilities			
Trade and other payables	299,106	-	299,106
Total	**299,106**	**-**	**299,106**

Mar 2022

	Loans & receivables / (financial liabilities at amortised cost)	Non-Financial assets / liabilities	Total
	R	R	R
Assets			
Receivable from ultimate holding company, parent and fellow subsidiaries	-	9,843	9,843
Cash and cash equivalents	7,037,643	-	7,037,643
Total	**7,037,643**	**9,843**	**7,047,486**

Liabilities			
Trade and other payables	3,465,821	-	3,465,821
Total	**3,465,821**	**-**	**3,465,821**

Notes to the Consolidated Financial Statements (continued)

36 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 Technologies Pty Ltd (formerly know as HCL Axon (Pty) Ltd.)
HCL BEE Trust
HCL Ownership Trust

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

Ultimate holding company

HCL Technologies Limited

Fellow subsidiaries

Axon Solutions Australia Pty Limited
Axon Solutions Limited
Axon Solutions Singapore Pte Limited
C3i Europe Eood
Celeritifintech Limited
Filial Espanola De HCL Technoloiges, S.L.(HCL Spain)
Geometric Europe, GmbH
HCL (Brazil) Technologia Da Informacao EIRELI
HCL (Ireland) Information Systems Limited
HCL (New Zealand) Limited
HCL America Inc.
HCL Argentina s.a.
HCL Asia Pacific Pte Limited
HCL Australia Services Pty. Limited
HCL Axon Solutions (Shanghai) Co., Limited
HCL Belgium NV
HCL Canada Inc. (Fy HCL Axon Technologies Inc.)
HCL Comnet Systems and Services Limited
HCL Costa Rica SRL
HCL EAS Limited
HCL GmbH
HCL Great Britain Limited
HCL Guatemala, Sociedad Anonima
HCL Hong Kong SAR Limited
HCL Hungary Kft
HCL Istanbul Bilisim Teknolojileri Limited sirketi
HCL Japan Limited, Japan
HCL Latin America Holding LLC
HCL Netherlands B.V.
HCL Poland Sp.z.o.o.
HCL Saudi Arabia LLC
HCL Singapore Pte. Limited.
HCL Sweden AB
HCL Technologies (Shanghai) Limited
HCL Technologies (Taiwan) Limited.
HCL Technologies (Thailand) Limited.
HCL Technologies (Vietnam) Company Limited
HCL Technologies Angola (SU), LDA.
HCL Technologies Austria GmbH
HCL Technologies Beijing Co., Limited
HCL Technologies Belgium BVBA
HCL Technologies Bulgaria EOOD
HCL Technologies BV
HCL Technologies Chile SpA
HCL Technologies Colombia SAS
HCL Technologies Corporate Services Limited
HCL Technologies Czech Republic s.r.o.
HCL Technologies Denmark ApS
HCL Technologies Egypt Limited
HCL Technologies Estonia OU
HCL Technologies Finland Oy
HCL Technologies France
HCL Technologies Germany GmbH
HCL Technologies Greece Single Member P.C.
HCL Technologies Italy S.p.A.
HCL Technologies Lanka (Private) Limited
HCL Technologies Lithuania UAB
HCL Technologies Malaysia SDN BHD (Fy HCLAxonMalaysiaSDNBI
HCL Technologies Mexico S DE RL DE CV
HCL Technologies Middle East FZ- LLC
HCL Technologies Norway AS
HCL Technologies Philippines Inc
HCL Technologies Romania s.r.l.
HCL Technologies S.A.C.
HCL Technologies Sollutions GmBh (fly Axon Soltns Schz GmbH)
HCL Technologies Sweden (IOMC)
HCL Technologies UK Limited
HCL Technologies Vietnam Company Limited
HCL Technologies, S.A.
JSP Consulting Sdn Bhd
PT. HCL Technologies Indonesia
Telerx Marketing, Inc.

Notes to the Consolidated 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, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
	R	R	R	R
Interest expenses				
Axon Solutions Limited	-	9,105	-	-
Total	**-**	**9,105**	**-**	**-**
Insurance expenses				
HCL Technologies Limited	-	-	995,023	471,002
Total	**-**	**-**	**995,023**	**471,002**
Marketing Cost				
HCL Technologies Limited	-	-	582,984	-
HCL Great Britain Limited	-	21,682,070	-	-
HCL Technologies UK Limited	24,105,380	15,246,596	-	-
Total	**24,105,380**	**36,928,666**	**582,984**	**-**
Dividend Expense				
Axon Group Limited	114,935,688	59,364,000	-	-
HCL Foundstion Trust	3,554,712	1,836,000	-	-
Total	**118,490,400**	**61,200,000**	**-**	**-**
Consulting charges				
HCL Technologies Limited	-	-	943,771,737	756,546,426
HCL Axon Solutions (Shanghai) Co., Limited	192,497	-	-	-
HCL Costa Rica SRL	181,573	-	-	-
HCL (Brazil) Technologia Da Informacao EIRELI	2,015,001	270,483	-	-
HCL America Inc.	35,180,451	14,999,279	-	-
HCL Argentina s.a.	311,862	123,655	-	-
HCL Australia Services Pty. Limited, Australia	854,618	194,988	-	-
HCL Technologies Malaysia SDN BHD (Fy HCL Axon Malaysia SDN BHD)	362,512	875,331	-	-
HCL Great Britain Limited	-	1,283,260	-	-
HCL Istanbul Bilisim Teknolojileri Limited sirketi	87,627	339,239	-	-
HCL Poland Sp.z.o.o.	1,590,024	1,051,913	-	-
HCL Saudi Arabia LLC	267,656	19,390	-	-
HCL Technologies Beijing Co., Limited	109,832	1,251,938	-	-
HCL Technologies BV	2,188,708	558,007	-	-
HCL Technologies Chile SpA	346,558	1,053,374	-	-
HCL Technologies Denmark ApS	288,558	33,753	-	-
HCL Technologies Italy S.p.A.	485,549	50,215	-	-
HCL Technologies Middle East FZ- LLC	25,836	-	-	-
HCL Technologies UK Limited	29,261,029	8,007,601	-	-
Filial Espanola De HCL Technoloiges, S.L.(HCL Spain)	75,971	-	-	-
HCL Canada Inc. (Fy HCL Axon Technologies Inc.)	199,765	375,521	-	-
HCL Technologies Mexico	435,403	169,079	-	-
HCL Singapore Pte. Limited, Singapore	4,554,498	1,214,258	-	-
HCL Technologies (Shanghai) Limited	504,706	117,538	-	-
HCL Technologies France	588,955	732,451	-	-
HCL Technologies Sweden (IOMC)	301,104	102,141	-	-
HCL Technologies Germany GmbH	15,567,927	3,590,514	-	-
HCL Technologies Belgium BVBA	113,181	289,162	-	-
HCL Technologies Vietnam Company Limited	40,372	352,752	-	-
HCL Guatemala, Sociedad Anónima	80,491	-	-	-
HCL Technologies Bulgaria EOOD	113,972	-	-	-
HCL Technologies Corporate Services Limited	9,396	-	-	-
HCL Technologies Finland Oy	1,281,697	-	-	-
HCL Technologies Greece Single Member P.C.	312,548	-	-	-
HCL Technologies Romania s.r.l.	16,746	-	-	-
HCL Technologies S.A.C.	15,358	-	-	-
HCL Technologies Lithuania UAB	185,941	-	-	-
HCL Technologies Colombia SAS	15,340	-	-	-
HCL Hungary Kft	509,427	83,101	-	-
HCL Technologies Egypt Limited	21,774	90,613	-	-
Telerx Marketing, Inc.	-	17,239	-	-
HCL Technologies Austria GmbH	216,802	22,805	-	-
Geometric Europe, GmbH	-	23,439		
HCL (New Zealand) Limited, New Zealand	73,602	14,040	-	-
HCL Technologies (Taiwan) Limited.	-	786,797	-	-
HCL Latin America Holding LLC	815,058	233,795	-	-
HCL Hong Kong SAR Limited	197,335	-	-	-

Notes to the Consolidated 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, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
	R	R	R	R
HCL Technologies (Vietnam) Company Limited	139,383	-	-	-
HCL (Ireland) Information Systems Limited	811,807	-	-	-
HCL Technologies Czecj Republic s.r.o.	144,263	-	-	-
HCL Technologies Norway AS	-	18,685	-	-
C3i Europe Eood	444,519	191,380	-	-
PT HCL Technologies Indonesia Limited	-	61,561	-	-
HCL Technologies Philippines, Inc	-	27,133	-	-
HCL Asia Pacific Pte. Limited	917,120	-	-	-
HCL Technologies (Thailand) Limited	37,187	152,910	-	-
HCL Technologies Lanka Private Limited	4,015,376	2,900,429	-	-
Total	**106,506,915**	**41,679,769**	**943,771,737**	**756,546,426**
Software Income				
HCL Technologies Limited	-	-	8,350,961	3,243,174
HCL America Inc.	1,523,161	404,123	-	-
HCL Australia Services Pty. Limited	838,185	515,707	-	-
HCL Axon Technologies Inc.-SD	1,054,288	89,200	-	-
HCL Great Britain Limited	-	49,712	-	-
HCL Hong Kong SAR Limited	83,219	120,512	-	-
HCL Singapore Pte Limited	1,133,064	784,111	-	-
Telerx Marketing, Inc.	1,301,305	1,120,499	-	-
HCL Technologies B.V	5,032,119	23,245	-	-
HCL Technologies Germany Gmbh	3,159,785	1,798,410	-	-
HCL Technologies Italy SPA	17,531	247,047	-	-
HCL Technologies Middle East FZ- LLC	-	434,569	-	-
HCL Technologies Norway AS	60,010	54,803	-	-
HCL Technologies UK Limited	8,505,191	7,205,899	-	-
PT. HCL Technologies Indonesia	164,457	112,953	-	-
HCL (Brazil) Technologia Da Informacao EIRELI	485,323	558,568	-	-
HCL Technologies Belgium BVBA	288,956	596,464	-	-
HCL Technologies Chile SpA	68,053	52,083	-	-
HCL Technologies Sweden (IOMC)	506,409	61,766	-	-
HCL Technologies Finland Oy	103,394	377,573	-	-
HCL (New Zealand) Limited, New Zealand	11,709	52,020	-	-
HCL Axon Solutions (Shanghai) Co., Limited	1,484,068	1,288,576	-	-
Filial Espanola De HCL Technoloiges, S.L.(HCL Spain)	79,465	53,662	-	-
HCL (Ireland) Information Systems Limited	63,484	171,416	-	-
HCL Technologies Sollutions GmBh (fly Axon Soltns Schz GmbH)	113,676	136,643	-	-
HCL Istanbul Bilisim Teknolojileri Limited sirketi	10,518	141,607	-	-
HCL Technologies Greece Single Member P.C.	19,442	21,096	-	-
HCL Technologies Sweden AB	168,227	234,471	-	-
HCL Technologies France	-	10,319	-	-
HCL Argentina s.a.	26,845	-	-	-
HCL Technologies Mexico	-	322,971	-	-
HCL Technologies Colombia SAS	187,541	803,597	-	-
HCL Poland Sp.z.o.o.	59,628	26,994	-	-
Geometric Europe, GmbH	25,584	-	-	-
HCL Technologies S.A.	-	(141,423)	-	-
HCL Technologies Denmark ApS	60,373	236,977	-	-
HCL Latin America Holding LLC	110,696	-	-	-
HCL Technologies Czech Republic s.r.o.	-	12,997	-	-
HCL Technologies Austria GmbH	140,831	92,078	-	-
HCL Technologies Corporate Services Limited	3,428,246	4,950,068	-	-
HCL Japan Limited	349,590	364,992	-	-
HCL Technologies Egypt Limited	243,349	134,100	-	-
HCL Technologies Estonia OU	34,029	-	-	-
HCL Asia Pacific Pte Limited	-	7,503	-	-
HCL Technologies (Thailand) Limited.	246,036	18,718	-	-
HCL Latin America Holding LLC	-	364,176	-	-
HCL TECHNOLOGIES ANGOLA (SU), LDA.	1,102,196	-	-	-
HCL Technologies (Taiwan) Limited.	-	222,648	-	-
Total	**32,289,983**	**24,133,450**	**8,350,961**	**3,243,174**

Notes to the Consolidated Financial Statements (continued)

d) Outstanding balances with related parties

Particulars	As at March 31, 2023	As at March 31, 2022
	R	R
Trade payable		
HCL Technologies Limited	72,706,196	2,636,702
Axon Solutions Limited	144	144
HCL (Brazil) Technologia Da Informacao EIRELI	663,550	4,123,024
HCL America Inc.	29,409,808	1,978,015
HCL Argentina s.a.	515,974	212,347
HCL Australia Services Pty. Limited	181,528	104,080
HCL Technologies Malayia SDN BHD.	131,825	942,361
HCL Asia Pacific Pte Limited	545,800	-
HCL Saudi Arabia LLC	2,059	21,585
HCL Technologies (Shanghai) Limited	122,867	122,867
HCL Technologies Beijing Co. Limited	109,832	1,208,311
HCL Technologies B.V	13,776	170,079
HCL Technologies Chile Spa	268,703	1,044,727
HCL Technologies UK Limited	21,526,648	8,018,783
HCL Mexico S. de R.L.	31,924	552,271
HCL Singapore Pte. Limited	195,439	353,896
HCL Axon Solutions (Shanghai) Co., Limited	55,057	-
HCL Canada Inc. (FY HCL Axon Technologies Inc.)	-	78,424
HCL Technologies Vietnam Company Limited	-	353,156
HCL Hungary Kft	110,540	135,323
HCL Technologies Germany Gmbh	3,035,094	871,012
HCL Technologies Belgium BVBA	-	30,702
HCL Istanbul Bilisim Teknolojileri Limited Sirketi	-	347,707
HCL Technologies Czecj Republic s.r.o.	-	272,402
HCL Technologies Denmark Aps	288,558	21,621
C3i Europe Eood	-	224,065
HCL Technologies France SAS	-	185,552
PT HCL Technologies Indonesia Limited	-	75,620
HCL Technologies (Taiwan) Limited	-	748,195
HCL Technologies Lanka Private Limited	84,696	2,435,373
HCL Technologies (Vietnam) Company Limited	139,383	-
HCL Poland Sp.z.o.o.	707,502	616,691
HCL Technologies Austria GmbH	-	22,805
Geometric Europe, GmbH	-	23,439
HCL Technologies Egypt Limited	21,774	90,613
HCL Technologies Philippines Inc	-	27,133
HCL Technologies (Thailand) Limited.	39,790	219,262
HCL Latin America Holding LLC	-	727,526
HCL Canada Inc. (Fy HCL Axon Technologies Inc.)	158,067	-
HCL Costa Rica SRL	66,225	-
HCL Hong Kong SAR Limited	19,979	-
HCL Technologies Bulgaria EOOD	14,515	-
HCL Technologies Finland Oy	429,476	-
HCL Technologies Greece Single Member P.C.	312,548	-
HCL Technologies Sweden (IOMC)	234,543	-
Total	**132,143,820**	**28,995,813**
Other Current Liabilities		
HCL Technologies Limited	190,408,285	169,058,629
HCL Guatemala, Sociedad Anonima	80,491	-
HCL Singapore Pte. Limited.	-	30,830
HCL America Inc.	134,868	263,244
HCL Technologies Lanka Private Limited	98,355	371,327
Total	**190,721,999**	**169,724,030**
Interest Payable		
Axon Solutions Limited	2,238,789	1,937,577
Axon Group Limited UK	503,621	435,863
Total	**2,742,410**	**2,373,440**
Advance Payable		
HCL (Brazil) Technologia Da Informacao EIRELI	3,383,499	2,548,188
HCL Technologies Italy S.p.A.	-	378,686
HCL Technologies Finland Oy	20,116	-
HCL Technologies Limited	924	-
JSP Consulting Sdn Bhd	2,267	-
Telerx Marketing, Inc.	100,785	-
HCL Technologies Chile SpA	378,144	-
HCL Technologies Corporate Services Limited	7,985	146,175
Total	**3,893,720**	**3,073,049**

Notes to the Consolidated Financial Statements (continued)

d) Outstanding balances with related parties (Continued)

Particulars	As at March 31, 2023	As at March 31, 2022
	R	R
Trade receivable		
HCL Technologies Limited	5,568,166	1,323,954
HCL Axon Solutions (Shanghai) Co. Limited.	6,026,111	4,861,844
Axon Solutions Limited	5,913	5,913
HCL (Brazil) Technologia Da Informacao EIRELI	1,635,116	1,031,180
HCL America Inc.	903,503	1,322,296
HCL Argentina s.a.	208,150	186,636
HCL Australia Services Pty. Limited	175,986	-
HCL Singapore Pte. Limited	420,448	-
HCL Technologies (Shanghai) Limited	791,056	791,056
HCL Technologies B.V.	1,128,788	2,825
HCL Technologies Chile Spa	68,053	437,038
HCL Technologies Columbia S.A.S.	1,495,401	1,322,024
HCL Technologies Germany Gmbh	52,241	896,937
HCL Technologies Italy SPA	-	37,252
HCL Technologies Norway AS	(0)	-
HCL Technologies UK Limited	1,400,551	1,350,811
JSP Consulting Sdn Bhd	-	7,641
PT. HCL Technologies Indonesia	272,250	131,531
HCL (Ireland) Information Systems Limited	63,484	-
HCL Technologies Belgium BVBA	0	254,177
HCLTechnologies Sweden AB	409,460	88,918
HCL Mexico S. de R.L.	-	47,822
HCL Technologies Denmark ApS	30,353	10,627
HCL Hong Kong SAR Limited	15,767	-
HCL Technologies Angola (SU), LDA.	1,102,196	-
HCL Technologies Austria GmbH	140,831	-
HCL Japan Limited, Japan	349,590	364,992
HCL (New Zealand) Limited	0	-
HCL Technologies Egypt Limited	195,163	-
HCL Technologies (Taiwan) Limited	220,861	231,427
HCL Canada Inc. (Fy HCL Axon Technologies Inc.)	993,572	24,498
Telerx Marketing, Inc.	-	324,707
Filial Espanola De HCL Technoloiges, S.L.(HCL Spain)	21,477	53,662
HCL Poland Sp.z.o.o.	-	26,994
HCL Technologies Finland Oy	-	17,743
HCL Istanbul Bilisim Teknolojileri Limited sirketi	152,125	141,607
HCL Technologies Corporate Services Limited	1,082,832	1,085,049
HCL Technologies France	-	10,319
HCL Technologies (Thailand) Limited.	168,652	18,718
HCL Latin America Holding LLC	334,264	364,176
Total	**25,432,360**	**16,774,374**
Unbilled revenue		
HCL Technologies Limited	466,286	509,262
HCL America Inc.	1,059,082	-
HCL Technologies Egypt Limited	48,186	-
Total	**1,573,554**	**509,262**
Other Receivable		
HCL Technologies Limited	1,694,204	15,396
HCL Axon Solutions (Shanghai) Co. Limited.	70,509	70,509
HCL Technologies (Shanghai) Limited	217,822	217,822
HCL Technologies Vietnam Company Limited	359,653	-
Total	**2,342,188**	**303,727**
Deferred Contract Cost		
HCL Technologies Limited	23,926,835	15,250,453
Total	**23,926,835**	**15,250,453**

Notes to the Consolidated Financial Statements (continued)

Company

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

Particulars	Fellow subsidiaries		Ultimate holding company	
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2021
	R	R	R	R
Dividend Expense				
Axon Group Limited	114,935,688	59,364,000	-	-
HCL Foundstion Trust	3,554,712	1,836,000	-	-
Total	**118,490,400**	**61,200,000**	**-**	**-**
Dividend Income				
HCL Technologies Pty Limited	29,050,000	22,750,000	-	-
HCL Technologies South Africa Proprietary Limited	89,440,400	39,984,000	-	-
Total	**118,490,400**	**62,734,000**	**-**	**-**

Terms and conditions of transactions with related parties

Outstanding balances at year-end are unsecured, interest free (except loan from parent company) and settlement occurs in cash.There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31st March 2023, the company has not recorded any impairment of receivables relating to amounts owned by related parties.

37 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. No separate or additional remuneration is paid to these directors for their role as directors of this Company or any other companies in the South African group and therefore no disclosure is required for these directors.

Non-executive directors do not earn attendance fees.

38 Retirement benefits

All eligible employees are members of the HCL Technologies Pty Ltd (FY HCL Axon (Pty) Ltd.) S.A.319 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 Technologies Pty Ltd (FY HCL Axon (Pty) Ltd.) S.A.319 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.

39 Capital management

	March 2023	March 2022
Share capital	61,440,099	61,440,099
Accumulated profit	398,851,348	398,454,170
	460,291,447	**459,894,269**

Capital includes equity shares and equity attributable to the equity holders of the parent and equity attributable to non-controlling interst. 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 has managed its capital structure to inhance its credit rating by donating shares to Trust for benefit of black people.

40 Subsequent Event

Other than the matter mentioned below, there have been no significant subsequent events since the year ended 31 March'23 that would have material impact on the statement of financial position of the Group and Company as shown in these financial statements.

41 Going Concern

The group earned a profit for the period ended 31 March 2023 of R 118,887,579 as compared to profit in last year ended 31 March 2022 – R 56,558,816 and as at that date its total assets exceeded its total liabilities by R 502,816,447 (2022: R 502,419,269). In addition, current assets exceed current liabilities by R 345,383,904 (2022: R 309,213,090). The company earned a profit for the year ended 31 March 2023 of R 104,924,510 as compared to the profit in last year (2022: R 78,006,722) and as at that date its total assets exceeded its total liabilities by R 281,013,131 (2022: 294,579,021). In addition, current assets exceed current liabilities by R 2,621,399 (2022: 3,581,666) Based on our current knowledge and available information, we do not expect impact on our ability to continue as a going concern in the future. Accordingly, the financial statements have been prepared on a going concern basis.