HCL Technologies South Africa Proprietary Limited
(Registration number 2010/015378/07)

Audited Annual Financial Statements
at
31 March, 2019

HCL Technologies South Africa Proprietary Limited
(Registration number 2010/015378/07)
Audited Annual Financial Statements for the year ended 31 March 2019

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Software development and related Maintenance Services.
Directors	Prateek Aggarwal (appointed on 26th October 2018) Anil Kumar Chanana (resigned on 25th October 2018) Raghu Raman Lakshmanan Sundaram Sridharan
Registered office	GMI House Harlequins Office Park 164 Totius Street Groenkloof 0027 Pretoria 0027
Business address	A1, The Crescent East, No.3, Eglin Road, Sunninghill, 2157
Postal address	P.O. BOX 619, Pretoria - 0001
Holding company	Anzospan Investments Proprietary Limited Incorporated in the Republic of South Africa
Bankers	Standard Chartered Bank
Auditors	Ernst & Young Inc Chartered Accountants (S.A.) Registered Auditors
Company registration number	2010/015378/07
Preparer of financial statements	Deepak Gupta (Associate Chartered Accountant) (India)

General Information (continued)

Contents

Approval of Audited Annual Financial Statements

The audited annual financial statements set out on pages 9 to 25 were approved by the board of directors on 08/07/2019.

Prateek Aggarwal
Director

Sundaram Sridharan
Director

Building a better working world

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Independent Auditor's Report

To the Shareholders of HCL Technologies South Africa (Proprietary) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of *HCL Technologies South Africa (Proprietary) Limited* ('the company') set out on pages 9 to 25, which comprise the statement of financial position as at 31 March 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of *HCL Technologies South Africa (Proprietary) Limited* as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements of the company and in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits of the company and in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the pages 6 to 8 of the document titled "*HCL Technologies South Africa*

(Proprietary) Limited Audited Annual Financial Statements for the year ended 31 March 2019", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for Financial Statements

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young Inc

Director - Donovan van Straaten
Registered Auditor
8 July 2019

86 Kellner Street
Westdene
Bloemfontein
9301
South Africa

Directors' Report

1. Directors' Responsibilities

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

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company 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 on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year ended 31st March 2020 till the date of signing, in the light of this review and the current financial position, they are satisfied that the company 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 company.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their reports is presented on page 3 to 5.

2. Incorporation

The company was registered on 20 July 2010 under the name Business Venture Investments No 1429 Pty Limited, certificate to commence business was received on the same day.

Subsequently the name was changed to HCL Technologies South Africa Proprietary Limited, on 7 December 2010.

3. Business and operations

The company is engaged in software development and related maintenance services.

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

4. Review of operations

The operating results and state of affairs of the company are fully set out in the attached annual financial statements.

Net profit for the year ended March'19 was R 2,238,385 (2018: Profit R 1,221,749)

5. Share capital

Authorized Share capital comprises of 10,000,000 (ten million) ordinary no par value shares. Total issued and fully subscribed capital of the company is 2,975,000 no par value.

6. Directors

Particulars of the present directors is given on page 1

7. Holding company

The company's holding company is Anzospan Investments Proprietary Limited, incorporated in South Africa.

8. Ultimate holding company

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

9. Going concern

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

10. Dividends

No dividends were declared or paid to shareholders during the year.

11. Auditors

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

12. Subsequent Event

Since the financial period end there were no subsequent events on which to report on.

HCL Technologies South Africa Proprietary Limited
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Statement of Comprehensive Income for the period ended 31 March 2019

	Notes	31 March 2019 R	31 March 2018 R
Revenue	2	10,145,677	13,548,775
Other income	3	2,266,378	2,175,230
Operating expenses	4	(9,257,009)	(12,406,125)
Operating Profit		3,155,046	3,317,880
Finance Expenses	5	(32,416)	(44,303)
Profit for the year		3,122,630	3,273,577
Income Tax	6	(884,245)	(2,051,828)
Total comprehensive profit for the year		**2,238,385**	**1,221,749**

HCL Technologies South Africa Proprietary Limited
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Statement of Financial Position as at 31 March 2019

	Notes	31 March 2019 R	31 March 2018 R
Assets			
Non-current Assets			
Property, plant and equipment	7	287,955	438,445
Intangible assets	8	-	33,908
Other receivables		189,888	259,266
Deferred contract cost	9	-	618,036
Deferred tax assets	10	23,989	-
Total Non-Current Assets		**501,832**	**1,349,655**
Current Assets			
Trade receivables	11	1,506,141	904,402
Other receivables	12	919,162	247,639
Unbilled revenue from ultimate holding company and fellow subsidiaries		15,873	-
Due from fellow subsidiaries	13	3,438,803	2,858,510
Cash and cash equivalents	14	41,494,926	45,133,015
Finance lease receivable	21	-	160,988
Deferred contract cost		618,036	551,503
Advance Tax		752,184	1,001,535
Total Current Assets		**48,745,125**	**50,857,592**
Total Assets		**49,246,957**	**52,207,247**
Equity and Liabilities			
Equity			
Share capital	15	2,975,000	2,975,000
Retained Income		41,988,673	39,750,288
Total Equity		**44,963,673**	**42,725,288**
Liabilities			
Current Liabilities			
Trade and other payables	16	1,130,419	955,114
Due to fellow subsidaries	17	3,152,865	8,526,845
Total Current Liabilities		**4,283,284**	**9,481,959**
Total Equity and Liabilities		**49,246,957**	**52,207,247**

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Statement of changes in equity for the year ended 31 March 2019

	Share capital R	Retained Earning R	Total Equity R
Mar-2018			
As at 1st April 2017	2,975,000	38,528,539	41,503,539
Total comprehensive profit for the year	-	1,221,749	1,221,749
Balance at 31st March 2018	**2,975,000**	**39,750,288**	**42,725,288**
Mar-2019			
As at 1st April 2018	2,975,000	39,750,288	42,725,288
Total comprehensive profit for the year	-	2,238,385	2,238,385
Balance at 31st March 2019	**2,975,000**	**41,988,673**	**44,963,673**

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Statement of cash flows for the period ended 31 March 2019

	Notes	31 March 2019 R	31 March 2018 R
Cash flows generated from operations			
Profit before taxation		3,122,630	3,273,577
Adjustment for :			
Depreciation		372,972	632,295
Interest income		(2,202,759)	(1,955,418)
Unrealised foreign exchange		(322,593)	(89,245)
Provision for doubtful debt		160,690	-
Cash inflows before working capital changes		1,130,940	1,861,209
Movement in working capital changes			
(Increase) / Decrease Trade receivables		(761,349)	865,647
(Increase) / Decrease in other receivable		110,345	2,340,544
(Increase) / Decrease Due from fellow subsidiaries		(596,166)	11,817,332
Increase/ (Decrease)Trade and other payables		175,077	(3,709,898)
Increase/ (Decrease) Due to fellow subsidaries		(5,083,399)	245,574
Net Cash flow generated from operations		**(5,024,552)**	**13,420,408**
Income tax (paid) / Refund		(627,722)	(1,036,969)
Net cash generated from / (used in) operating activities		**(5,652,274)**	**12,383,439**
Cash flows from investing activities			
Purchase of fixed assets		(188,574)	-
Interest income		2,202,759	1,863,843
Net cash flow from investing activites		**2,014,185**	**1,863,843**
Total cash movement for the period		(3,638,089)	14,247,282
Cash at the beginning of the year		45,133,015	30,885,733
Cash and cash equivalents at the end of period	14	**41,494,926**	**45,133,015**

Accounting policies

1 Summary of significant accounting policies

1.1 Presentation of Audited Annual Financial Statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Companies Act, of South Africa. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. The company uses ZAR as its reporting currency.

1.2 Financial instruments

Financial instruments at amortized cost

Financial instruments may be designated to be measured at amortized cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognized.

Financial instruments at fair value

All other financial instruments are measured at fair value through profit and loss.

1.3 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting period date.

1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

1.5 Plant and equipment and capital work-in-progress

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

Accounting policies (continued)

Depreciation of plant and equipment is computed using the straight line method over the estimated lives of assets as follow:

	Current Period
Computer equipment	4-5 years
Computer software	3 years

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

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

1.6 Deferred contract costs

Contract costs incurred during the Knowledge Transfer phase 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 company has a reasonable certainty of these costs being recovered during the period of the contract.

1.7 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.

1.8 Revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.9 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 recognized. Trade discounts, settlement discounts and other similar items are deducted in determining the costs of purchase. Cost of sales is recognized as an expense when the risks and rewards of ownership related to the sale of merchandise pass to the customer.

1.10 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.

1.11 Provisions

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

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

1.12 Significant accounting judgements and estimates

Judgements

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

Estimation uncertainty

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

Fair value measurement of contingent consideration

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. Where the contingent consideration meets the definition of a derivative and thus financial liability, it is subsequently re-measured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows.

The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Depreciation rates

Property, plant and equipment are depreciated on a straight line basis over the expected useful lives of the various classes of assets, after taking into account residual values. During the year management revised the estimated useful life of assets as stated in note 1.5.

Trade accounts receivable

Trade receivables that are individually determined to be impaired at the reporting date related to debtors that have been outstanding more than 365 days. These receivables are not secured by any collateral or credit enhancements.

1.13 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

Notes to the Audited Annual Financial Statements (continued)

	Notes	31 March 2019 R	31 March 2018 R
2 Revenue			
Rendering of services		10,145,677	13,548,775
		10,145,677	**13,548,775**
3 Other income			
Interest on fixed deposit		2,202,759	1,863,845
Interest income on income tax refund		-	91,573
Foreign exchange gain		63,619	219,812
		2,266,378	**2,175,230**
4 Operating expenses is stated after taking into account the following:			
Staff costs		101,454	48,064
Fees paid to persons other than employees		6,338,144	7,121,936
Depreciation		372,972	632,295
Auditor's remuneration		56,385	62,024
5 Finance Expenses			
Bank charges		32,416	44,303
		32,416	**44,303**

6 Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided using the liability method, on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Tax expenses :		
Income Tax	1,167,822	597,404
Deferred tax expense/(benifit)	(297,322)	79,846
Prior year under provision	(259,588)	1,374,578
Deferred tax Prior year under provision	273,333	-
Total Income tax expense	**884,245**	**2,051,828**
Accounting profit before tax from continuing operations	**3,122,630**	**3,273,577**
Accounting profit before income tax	**3,122,630**	**3,273,577**
Statutory income tax rate of 28% (2018: 28%)	**874,336**	**916,602**
Adjustments in respect of current income tax of previous years	(259,588)	1,374,578
Adjustments in respect of deferred income tax of previous years	273,333	-
Tax on interest income for tax purpose:	(62,539)	(25,640)
Others	58,701	-
Non-deductible expenses for tax purposes:	2	(213,712)
At the effective income tax rate of 28% (2018: 28%)	**884,245**	**2,051,828**

Notes to the Audited Annual Financial Statements (continued)

	Notes	31 March 2019 R	31 March 2018 R
7 Property , Plant & Equipment		**Computer equipment**	**Total**
Cost			
As at March 31, 2017		1,853,048	1,853,048
Additions		-	-
Retirement		-	-
As at March 31, 2018		**1,853,048**	**1,853,048**
Additions		188,574	188,574
Retirement		-	-
As at March 31, 2019		**2,041,622**	**2,041,622**
Accumulated depreciation			
As at March 31, 2017		(1,058,425)	(1,058,425)
Depreciation charge for the year		(356,178)	(356,178)
Retirement		-	-
As at March 31, 2018		**(1,414,603)**	**(1,414,603)**
Depreciation charge for the year		(339,064)	(339,064)
Retirement		-	-
As at March 31, 2019		**(1,753,667)**	**(1,753,667)**
Net Book Value			
As at March 31, 2019		287,955	287,955
At March 31, 2018		438,445	438,445

8 Intangible Assets		**Software Application**	**Total**
Cost			
As at March 31, 2017		1,084,448	1,084,448
Additions		-	-
Retirement		-	-
As at March 31, 2018		**1,084,448**	**1,084,448**
Additions		-	-
Retirement		-	-
As at March 31, 2019		**1,084,448**	**1,084,448**
Accumulated depreciation			
As at March 31, 2017		(774,423)	(774,423)
Depreciation charge for the year		(276,117)	(276,117)
Retirement		-	-
As at March 31, 2018		**(1,050,540)**	**(1,050,540)**
Depreciation charge for the year		(33,908)	(33,908)
Retirement		-	-
As at March 31, 2019		**(1,084,448)**	**(1,084,448)**
Net Book Value			
As at March 31, 2019		-	-
At March 31, 2018		33,908	33,908

The gross carrying amount of fully depreciated property plant & equipment & intangible's, that is still in use as at 31st March 2019 is ZAR 1,562,129.

Notes to the Audited Annual Financial Statements (continued)

	Notes	31 March 2019 R	31 March 2018 R
9 Deferred contract cost			
Deferred contract cost		-	618,036
		-	**618,036**
10 Deferred Tax			
Deferred tax assets		33,745	-
Deferred tax liabilities		(9,756)	-
		23,989	**-**
The balance of deferred tax is made up as follows:			
Deferred tax assets:			
Provision for doubtful debts		33,745	-
Prepaid Expense		(9,756)	-
		23,989	**-**
11 Trade receivables			
Trade receivables		1,666,831	904,402
Less: Provision for doubtful debt		(160,690)	-
		1,506,141	**904,402**

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

As at March 31, 2019, the ageing analysis of trade receivables is as follows:

Neither past due nor impaired	1,506,141
Past due but not impaired (31-60 days)	-
Past due but not impaired (61-180 days)	-
Past due but not impaired (>180 days)	-
Total	**1,506,141**

As at March 31, 2018, the ageing analysis of trade receivables is as follows:

Neither past due nor impaired	737,872
Past due but not impaired (31-60 days)	-
Past due but not impaired (61-180 days)	186,770
Past due but not impaired (>180 days)	(20,240)
Total	**904,402**

12 Other receivables			
Prepayments - Current		69,378	70,679
CENVAT Receivable		-	19,468
Interest on Investments		38,088	78,259
Advance to suppliers		811,696	79,233
		919,162	**247,639**
13 Due from fellow subsidiaries			
Trade receivables		3,438,803	2,858,510
		3,438,803	**2,858,510**
14 Cash and cash equivalents			
Cash and cash equivalents consist of:			
Bank balances		41,494,926	45,133,015
		41,494,926	**45,133,015**

Notes to the Audited Annual Financial Statements (continued)

	Notes	31 March 2019 R	31 March 2018 R
15 Equity			
Share capital			
Authorised capital : 10,000,000 no par value.			
Issued & Paid up: 2,975,000 no par value.		2,975,000	2,975,000
		2,975,000	**2,975,000**
16 Trade and other payables			
Trade payables		695,813	660,082
Accrued expenses		141,760	295,032
Other payables		292,846	-
		1,130,419	**955,114**
17 Due to fellow subsidaries			
Accrued expenses		9,014	-
Payables		3,143,851	8,526,845
		3,152,865	**8,526,845**

18 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 approves 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 of 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 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 company is exposed to credit risk from its operating activities (primarily for trade receivables and loan notes) and from its financing activities, including deposit with banks and financial institutions, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by each business unit subject to the company's policy, procedures and control relating to customer credit risk management. Credit limit are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating scorecard. The requirement for impairment is analysed on an individual basis for major 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 Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet as disclosed under Note 11 & Note 12 to the financial statements.

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

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 11 (trade receivables).

Foreign currency risk

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

Foreign currency sensitivity

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

Financial instrument risk management (Continued)

	31 March 2019		31 March 2018	
	Change in Rate	Effect on profit before tax	Change in Rate	Effect on profit before tax
		R		R
GBP	14.25%	(29,588)	-0.16%	3,970
VEF	-53.00%	-	100.00%	141,423
USD	22.48%	91,296	-11.47%	(178,839)
BRL	3.81%	(5,855)	-15.65%	109,102
INR	0.00%	-	100.00%	(52)
CLP	9.18%	2,145	0.00%	-
ARS	-44.07%	342,302	-32.18%	234,607
SAR	22.47%	(55,574)	-11.45%	32,340
CNY	14.55%	(212,427)	0.00%	-
MXN	-13.38%	13,512	0.00%	-
PLN	9.26%	(37,557)	0.00%	-
VES	100.00%	141,423	0.00%	-
GBP	-14.25%	29,588	0.16%	(3,970)
VEF	53.00%	-	-100.00%	(141,423)
USD	-22.48%	(91,296)	11.47%	178,839
BRL	-3.81%	5,855	15.65%	(109,102)
INR	0.00%	-	-100.00%	52
CLP	-9.18%	(2,145)	0.00%	-
ARS	44.07%	(342,302)	32.18%	(234,607)
SAR	-22.47%	55,574	11.45%	(32,340)
CNY	-14.55%	212,427	0.00%	-
MXN	13.38%	(13,512)	0.00%	-
PLN	-9.26%	37,557	0.00%	-
VES	-100.00%	(141,423)	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 company monitors its risk of experiencing shortage of funds by using a recurring liquidity planning tool. The company's objective is to maintain a balance between continuity of funding and flexibility through use of loans from group companies.

Liabilities

		1 Year	2-5 Year	Over 5 year	Total
March 31, 2019					
Trade and other payables	Interest free	1,130,419	-	-	1,130,419
Owed to ultimate holding company fellow subsidiaries	Interest free	3,152,865	-	-	3,152,865
March 31, 2018					
Trade and other payables	Interest free	955,114	-	-	955,114
Owed to ultimate holding company fellow subsidiaries	Interest free	8,526,845	-	-	8,526,845

Fair value

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

19 Classification of financial instruments

	Loans and receivables/ (financial liabilities at amortized cost)	Non-financial assets / liabilities	Total
	R	R	R
31 March 2019			
Assets			
Trade and other receivables	1,506,141	1,109,050	2,615,191
Receivable from fellow subsidiaries	3,438,803	-	3,438,803
Unbilled Receivable	15,873	-	15,873
Cash and cash equivalents	41,494,926	-	41,494,926
Deferred contract cost	-	618,036	-
	46,455,743	**1,727,086**	**47,564,793**
Liabilities			
Owed to parent and fellow subsidiaries	3,152,865	-	3,152,865
Trade and other payables	1,130,419	-	1,130,419
Total	**4,283,284**	**-**	**4,283,284**
31 March 2018			
Assets			
Trade and other receivables	904,402	506,905	1,411,307
Receivable from fellow subsidiaries	2,858,510	-	2,858,510
Cash and cash equivalents	45,133,015	-	45,133,015
Finance Lease Receivable	160,988	-	160,988
Deferred contract cost	-	1,169,539	1,169,539
	49,056,915	**1,676,444**	**50,733,359**
Liabilities			
Owed to parent and fellow subsidiaries	8,526,845	-	8,526,845
Trade and other payables	955,114	-	955,114
Total	**9,481,959**	**-**	**9,481,959**

20 Related Parties

Relationships

Holding Company

Anzospan Investments Pty Limited

Fellow Subsidiaries

HCL (Brazil) Tecnologia da informacao Ltda.
HCL Argentina
HCL Australia Services Pty. Limited
HCL Great Britain Limited
HCL Hong Kong SAR Limited
HCL Japan Limited
HCL Saudi Arabia LLC
HCL Singapore Pte. Limited
HCL Technologies Limited - Russia Branch
HCL Technologies Limited- Finland Branch
HCL Technologies Limited- Ireland Branch
HCL Technologies Middle East FZ- LLC
HCL Technologies Norway AS
HCL Technologies UK Limited
HCL Technologies, S.A.
HCL Axon Technologies Inc.-SD
HCL Poland Sp.z.o.o.
HCL Sweden AB
HCL Technologies (Shanghai) Limited
HCL Technologies Chile SpA
HCL Axon (Proprietary) Ltd.
HCL Istanbul Bilisim Teknolojileri Limited Sirketi
HCL Mexico S. de R.L.
HCL Technologies Finland Oy
HCL Technologies France
HCL Technologies Germany GmbH
HCL Technologies Ltd.- Moscow Branch
HCL Technologies Vietnam Company Limited
PT. HCL Technologies Indonesia
HCL America Inc.

Ultimate holding company

HCL Technologies Limited

Notes to the Audited Annual Financial Statements (continued)

31 March 2019

Related Party Balances

Amount in Rand

Particulars	Equity	Trade Receivables	Unbilled receivable	Trade payables
Anzopan Investments Pty. Ltd	2,975,000	(100,000)	-	-
HCL (Brazil) Tecnologia da Informação EIRELI	-	846,854	-	154,051
HCL Arabia LLC	-	-	-	249,390
HCL Argentina s.a.	-	-	-	123,445
HCL Axon (Proprietary) Ltd.	-	-	-	443,170
HCL Mexico S. de R.L.	-	-	-	103,664
HCL Poland sp. z o.o	-	-	-	405,781
HCL Singapore Pte. Ltd.	-	84,662	-	-
HCL Technologies (Shanghai) Limited	-	134,664	-	1,460,338
HCL Technologies Chile SPA	-	1,050,197	-	-
HCL Technologies Finland Oy	-	874,341	-	-
HCL Technologies Ltd.	-	-	15,873	-
HCL Technologies Ltd.- Finland Branch	-	369,696	-	-
HCL Technologies Ltd.- Moscow Branch	-	9,618	-	-
HCL Technologies Norway AS	-	8,442	-	-
HCL Technologies Sweden AB	-	129,983	-	-
HCL Technologies UK Ltd.	-	17,462	-	204,012
HCL Technologies Vietnam Company Limited	-	-	-	9,014
PT HCL Technologies Indonesia	-	12,885	-	-
Total	**2,975,000**	**3,438,804**	**15,873**	**3,152,865**

Related Party Transactions

Amount in Rand

Particulars	Income	Consulting Charges - Grp
HCL (Brazil) Tecnologia da Informação EIRELI	430,155	149,156
HCL América Inc.	6,970	366,510
HCL Arabia LLC	-	525,537
HCL Argentina s.a.	-	39,509
HCL Axon (Proprietary) Ltd.	-	110,522
HCL AXON TECH. INC - SD	85,498	-
HCL Great Britain Ltd.	-	303,118
HCL Istanbul Bilisim Teknolojileri Limited Sirketi	105,350	-
HCL Mexico S. de R.L.	-	100,965
HCL Poland sp. z o.o	-	1,530,629
HCL Singapore Pte. Ltd.	146,321	-
HCL Technologies (Shanghai) Limited	134,664	1,460,338
HCL Technologies Chile SPA	614,338	-
HCL Technologies Finland Oy	760,297	-
HCL Technologies France	24,072	224,312
HCL Technologies Germany GmbH	-	503,321
HCL Technologies Ltd.	15,873	302,836
HCL Technologies Ltd.- Finland Branch	543,968	-
HCL Technologies Ltd.- Moscow Branch	9,618	-
HCL Technologies Norway AS	8,442	-
HCL Technologies Sweden AB	129,983	-
HCL Technologies UK Ltd.	17,462	477,042
HCL Technologies Vietnam Company Limited	-	9,014
Total	**3,033,011**	**6,102,809**

Notes to the Audited Annual Financial Statements (continued)

31 March 2018

Related party balances

Amount in Rand

Particulars	Equity	Trade Receivables	Unbilled receivable	Trade payables
Anzospan Investments (PTY) Limited	2,975,000	-	-	100,000
Axon Solutions Limited	-	-	-	(0)
HCL (Brazil) Tecnologia da informacao Ltda.	-	1,619,275	-	603,278
HCL Argentina	-	-	-	464,297
HCL Axon (Pty) Limited	-	59,306	-	1,348,300
HCL Great Britain Limited	-	-	-	1,340,655
HCL Hong Kong SAR Limited	-	75,870	-	-
HCL Saudi Arabia LLC	-	-	-	273,343
HCL Singapore Pte. Limited	-	386,643	-	-
HCL Technologies Chile SpA	-	434,680	-	-
HCL Technologies Limited - Russia Branch	-	29,085	-	-
HCL Technologies Limited (IOMC) Infra Division	-	-	-	310,647
HCL Technologies Limited- Finland Branch	-	189,120	-	-
HCL Technologies Limited Software Division	-	-	-	669,008
HCL Technologies Ltd- Lucknow	-	-	-	2,391,406
HCL Technologies UK Limited	-	-	-	1,025,911
HCL Technologies, S.A.	-	25	-	-
PT. HCL Technologies Indonesia	-	64,506	-	-
Total	**2,975,000**	**2,858,510**	**-**	**8,526,845**

Related Party Transactions

Amount in Rand

Particulars	Service Income	Consulting Charges - Grp
HCL (Brazil) Tecnologia da informacao Ltda.	-	124,942
HCL Argentina	-	477,186
HCL Australia Services Pty. Limited	1,476,384	-
HCL Axon (Pty) Limited	3,599,542	-
HCL Great Britain Limited	-	1,356,559
HCL Hong Kong SAR Limited	92,884	-
HCL Japan Limited	-	225,076
HCL Saudi Arabia LLC	-	617,385
HCL Singapore Pte. Limited	386,643	-
HCL Technologies Limited - Russia Branch	29,085	-
HCL Technologies Limited (IOMC) Infra Division	-	310,647
HCL Technologies Limited- Finland Branch	189,119	-
HCL Technologies Limited- Ireland Branch	473,133	-
HCL Technologies Limited Software Division	-	680,419
HCL Technologies Ltd- Lucknow	-	2,391,406
HCL Technologies Middle East FZ- LLC	-	(630)
HCL Technologies Norway AS	37,563	-
HCL Technologies UK Limited	1,109,404	675,938
HCL Technologies, S.A.	(118,709)	-
PT. HCL Technologies Indonesia	64,506	-
Total	**7,339,554**	**6,858,928**

20 Capital management

	31 March 2019	31 March 2018
	R	R
Share Capital	2,975,000	2,975,000
Accumulated Profit	41,988,673	39,750,288
	44,963,673	**42,725,288**

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

21 Finance Leases

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

31 March 2019

Year	Minimum Lease Rent Receivable	Present Value of Lease Rent Receivable	Interest Included in Lease Rent Receivable
2019-20	-	-	-
2020-21	-	-	-
2021-22	-	-	-
2022-23	-	-	-
Total	-	-	-

31 March 2018

Year	Minimum Lease Rent Receivable	Present Value of Lease Rent Receivable	Interest Included in Lease Rent Receivable
2018-19	160,988	160,988	-
2019-20	-	-	-
2020-21	-	-	-
2021-22	-	-	-
Total	**160,988**	**160,988**	-

22 Remuneration to directors and key management personnel

Some of the directors and key management personnel of the Company are also directors and key management personnel in other group companies within the HCL group and all of these companies together are viewed as one business unit and their remuneration is paid by the ultimate parent Company. The directors do not believe that it is practicable to apportion the remuneration paid between their services as directors and key management personnel of the Company and their services as directors and key management personnel of the other group companies within the HCL group.