

HCL Technologies South Africa Proprietary Limited

Audited Annual Financial Statements
at

31st March 2018

HCL Technologies South Africa Proprietary Limited

(Registration number 2010/015378/07)

Audited Annual Financial Statements for the year ended 31st March 2018

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Software development and related Maintenance Services.
Directors	Anil Kumar Chanana 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 Propreitary 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)

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Audited Annual Financial Statements for the year ended 31st March 2018

General Information (continued)

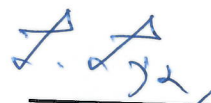
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Approval of Audited Annual Financial Statements

The audited annual financial statements set out on pages 9 to 25 were approved by the board of directors on 22/06, 2018.



Raghu Raman Lakshmanan
Director



Sundaram Sridharan
Director

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* set out on pages 9 to 25, which comprise the statement of financial position as at 31 March 2018, 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 financial statements present fairly, in all material respects, the financial position of *HCL Technologies South Africa Proprietary Limited* as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard 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 Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)*, the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants (IESBA code)* and other independence requirements applicable to performing the audit of *HCL Technologies South Africa Proprietary Limited*. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code, IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of *HCL Technologies South Africa Proprietary Limited*. 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 Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard 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.

Ernst & Young Inc.

Partner - Donovan van Straaten

Registered Auditor

Chartered Accountant (SA)

10 July 2018

HCL Technologies South Africa Proprietary Limited

(Registration number 2010/015378/07)

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Directors' Report

1. Directors' Responsibilities

The directors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial 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 judgments 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 to 31 March 2019 and, 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.

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Directors' Report (Continued)

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'18 was R 1,221,749 (2017: Profit R 4,564,948)

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 and secretary

Particulars of the present directors and secretary are 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.

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Directors' Report (Continued)

10. Dividends

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

11. Auditors

Ernst & Young Inc. will continue in office in accordance with section 90 of the Companies Act.

12. Subsequent Event

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

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Statement of Comprehensive Income for the year ended 31 March 2018

		31 March 2018	31 March 2017
	Notes	R	R
Revenue	2	13,548,775	23,842,066
Other income	3	2,175,230	1,261,789
Operating expenses	4	(12,406,125)	(21,452,519)
Operating Profit		3,317,880	3,651,336
Finance Expenses	5	(44,303)	(76,991)
Profit for the year		3,273,577	3,574,345
Income Tax	6	(2,051,828)	990,603
Total comprehensive profit for the year		1,221,749	4,564,948

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Statement of Financial Position as at 31 March 2018

	Notes	31 March 2018 R	31 March 2017 R
Assets			
Non-current Assets			
Property, plant and equipment	7	438,445	794,623
Intangible assets	8	33,908	310,025
Other receivables		259,266	955
Deferred Cost	9	618,036	1,968,133
Deferred tax assets	10	-	79,846
Total Non-Current Assets		1,349,655	3,153,582
Current Assets			
Trade receivables	11	904,402	1,911,447
Other receivables	12	247,639	131,983
Unbilled revenue from ultimate holding company and fellow subsidiaries		-	30
Unbilled revenue		-	72,286
Due from fellow subsidiaries	13	2,858,510	14,675,812
Cash and cash equivalents	14	45,133,015	30,885,733
Finance Lease receivable	22	160,988	160,988
Deferred Cost		551,503	1,843,630
Advance Tax		1,001,535	1,862,932
Total Current Assets		50,857,592	51,544,841
Total Assets		52,207,247	54,698,423
Equity and Liabilities			
Equity			
Share capital	15	2,975,000	2,975,000
Retained Income		39,750,288	38,528,539
		42,725,288	41,503,539
Liabilities			
Current Liabilities			
Trade and other payables	16	955,114	4,665,270
Due to fellow subsidiaries	17	8,526,845	8,529,614
		9,481,959	13,194,884
Total Equity and Liabilities		52,207,247	54,698,423

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Statement of changes in equity for the year ended 31 March 2018

	Share capital R	Retained Earning R	Total Equity R
Mar-2017			
As at 1st April 2016	2,975,000	33,963,591	36,938,591
Total comprehensive profit for the year	-	4,564,948	4,564,948
Balance at 31st March 2017	2,975,000	38,528,539	41,503,539
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

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Statement of cash flows for the year ended 31 March 2018

	Notes	31 March 2018 R	31 March 2017 R
Cash flows generated from operations			
Profit before taxation		3,273,577	3,574,345
Adjustment for :			
Depreciation		632,295	732,369
Interest income		(1,955,418)	(1,261,789)
Unrealised foreign exchange		(89,245)	(22,207)
Bad debts expense, net		-	46,957
Cash inflows before working capital changes		1,861,209	3,069,675
Movement in working capital changes			
(Increase) / Decrease Trade receivables		865,647	(862,999)
(Increase) / Decrease Inventory		-	174,144
(Increase) / Decrease in other receivable		2,340,544	6,125,406
(Increase) / Decrease Due from fellow subsidiaries		11,817,332	(842,908)
Increase/ (Decrease)Trade and other payables		(3,709,898)	(6,397,244)
Increase/ (Decrease) Due to fellow subsidiaries		245,574	189,640
Net Cash flow generated from operations		13,420,408	1,455,714
Income tax (paid) / Refund		(1,036,969)	(1,969,231)
Net cash generated from / (used in) operating activities		12,383,439	(513,518)
Cash flows from investing activities			
Purchase of fixed assets		-	(18,857)
Sale / Deletions of fixed assets		-	82,926
Interest income		1,863,843	1,261,789
Net cash flow from investing activities		1,863,843	1,325,858
Total cash movement for the year		14,247,282	812,340
Cash at the beginning of the year		30,885,733	30,073,393
Cash and cash equivalents at the end of year	14	45,133,015	30,885,733

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Audited Annual Financial Statements for the year ended 31st March 2018

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.

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Audited Annual Financial Statements for the year ended 31st March 2018

Accounting policies (continued)

1.3 Tax (continued)

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.

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

Computer equipment	Current Period
Computer software	4-5 years
	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 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 company has a reasonable certainty of these costs being recovered during the period of the contract.

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Accounting policies (continued)

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.

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Accounting policies (continued)

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.

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Accounting policies (continued)

1.12 Significant accounting judgements and estimates (continued)

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.

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Notes to the Audited Annual Financial Statements (continued)

	Notes	31 March 2018 R	31 March 2017 R
2 Revenue			
Rendering of services		13,548,775	23,842,066
		13,548,775	23,842,066
*Sale of goods comprises of sale of IT hardware items to customers			
3 Other income			
Interest on fixed deposit		1,863,845	1,261,789
Interest income on income tax refund		91,573	-
Foreign exchange gain		219,812	-
		2,175,230	1,261,789
4 Operating expenses is stated after taking into account the following:			
Staff costs		48,064	48,569
Fees paid to persons other than employees		7,121,936	12,925,292
Cost of goods sold		-	207,386
Depreciation		632,295	732,369
Auditor's remuneration		62,024	48,886
Foreign exchange loss		-	86,881
5 Finance Expenses			
Bank charges		44,303	26,999
Interest on loan		-	49,992
		44,303	76,991

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	597,404	2,229,214
Deferred tax expense	79,846	(1,001,939)
Prior year under provision	1,374,578	(2,217,878)
Total Income tax expense	2,051,828	(990,603)
Accounting profit before tax from continuing operations	3,273,577	3,574,345
Accounting profit before income tax	3,273,577	3,574,345
Statutory income tax rate of 28% (2017: 28%)	916,602	1,000,817
Adjustments in respect of current income tax of previous years	1,374,578	(2,217,878)
Tax on interest income for tax purpose:	(25,640)	-
Non-deductible expenses for tax purposes:	(213,712)	226,459
At the effective income tax rate of 28% (2017: 28%)	2,051,828	(990,603)

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Notes to the Audited Annual Financial Statements (continued)

	31st March 2018 R	31st March 2017 R
7. Property , Plant & Equipment	Computer equipment	Total
Cost		
As at April 1, 2016	1,917,117	1,917,117
Additions	18,857	18,857
Retirement	(82,926)	(82,926)
As at March 31, 2017	1,853,048	1,853,048
Additions	-	-
Retirement	-	-
As at March 31, 2018	1,853,048	1,853,048
Accumulated depreciation		
As at April 1, 2016	(687,541)	(687,541)
Depreciation charge for the year	(370,884)	(370,884)
Retirement	-	-
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)
Net Book Value		
At March 31, 2018	438,445	438,445
At March 31, 2017	794,623	794,623

The gross carrying amount of fully depreciated property plant & equipment that is still in use as at 31 March 2018 is ZAR 984,300

8. Intangible Assets

	Software Application	Total
Cost		
As at April 1, 2016	2,027,003	2,027,003
Additions	-	-
Retirement	(942,555)	(942,555)
As at March 31, 2017	1,084,448	1,084,448
Additions	-	-
Retirement	-	-
As at March 31, 2018	1,084,448	1,084,448
Accumulated depreciation		
As at April 1, 2016	(1,355,493)	(1,355,493)
Depreciation charge for the year	(361,485)	(361,485)
Retirement	942,555	942,555
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)
Net Book Value		
At March 31, 2018	33,908	33,908
At March 31, 2017	310,025	310,025

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Notes to the Audited Annual Financial Statements (continued)

	Notes	31 March 2018 R	31 March 2017 R
9 Deferred Cost			
Deferred cost		618,036	1,968,133
		618,036	1,968,133
10 Deferred Tax			
Deferred tax assets		-	79,846
		-	79,846
The balance of deferred tax is made up as follows:			
Deferred tax assets:			
Provision for doubtful debts		-	6,799
Deferred revenue		-	73,047
		-	79,846
11 Trade receivables			
Trade receivables		904,402	1,943,824
Less: Provision for doubtful debt		-	(32,377)
		904,402	1,911,447
Trade receivables are generally non-interest bearing and are generally on 30 day terms.			
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		70,679	25,666
CENVAT Receivable		19,468	-
Interest on Investments		78,259	106,317
Advance to suppliers		79,233	-
		247,639	131,983
13 Due from fellow subsidiaries			
Trade receivables		2,858,510	14,661,257
Interest on Loans/ Advances.-Group		-	14,555
		2,858,510	14,675,812
14 Cash and cash equivalents			
Cash and cash equivalents consist of:			
Bank balances		45,133,015	28,916,031
Money in Transit		-	1,969,702
		45,133,015	30,885,733

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	Notes	31 March 2018 R	31 March 2017 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		660,082	556,855
Accrued expenses		295,032	663,352
Deferred revenue		-	3,351,061
CENVAT Payable		-	61,870
Customer discount		-	32,132
		955,114	4,665,270
17 Due to fellow subsidiaries			
Accrued expenses		-	140,907
Payables		8,526,845	8,388,707
		8,526,845	8,529,614

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 agrees policies for managing each of these risks which are summarised below.

Interest rate risk

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

Credit risk

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

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

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Notes to the Audited Annual Financial Statements (continued)

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)

	31st March 2018		31st March 2017	
	Change in Rate	Effect on profit before tax ZAR	Change in Rate	Effect on profit before tax ZAR
GBP	-0.16%	3,970	-22.00%	209,920
VEF	100.00%	141,423	-	-
USD	-11.47%	(178,839)	-9.00%	(279,774)
BRL	-15.65%	109,102	4.00%	36,138
INR	100.00%	(52)	-	-
AED	0.00%	-	-9.00%	2,396
ARS	-32.18%	234,607	3.00%	(8,434)
AUD	0.00%	-	-10.00%	13,042
SAR	-11.45%	32,340	2.00%	(5,333)

GBP	0.16%	(3,970)	22.00%	(209,920)
VEF	-100.00%	(141,423)	-	-
USD	11.47%	178,839	9.00%	279,774
BRL	15.65%	(109,102)	-4.00%	(36,138)
INR	-100.00%	52	-	-
AED	0.00%	-	9.00%	(2,396)
ARS	32.18%	(234,607)	-3.00%	8,434
AUD	0.00%	-	10.00%	(13,042)
SAR	11.45%	(32,340)	-2.00%	5,333

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

Liquidity risk

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

Liabilities

		1 Year	2-5 Year	Over 5 year	Total
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
March 31, 2017					
Trade and other payables	Interest free	1,314,209	-	-	1,314,209
Owed to ultimate holding company fellow subsidiaries	Interest free	8,529,614	-	-	8,529,614

Fair value

At March 31, 2018, the carrying amounts of cash, trade receivables, trade payables, approximate their fair values due to the short term maturities of these assets and liabilities.

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Notes to the Audited Annual Financial Statements (continued)

19 Classification of financial instruments

	Loans and receivables/ (financial liabilities at amortized cost)	Non-financial assets / liabilities	Total
	R	R	R
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 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
31 March 2017			
Assets			
Trade and other receivables	1,911,447	132,938	2,044,385
Receivable from fellow subsidiaries	14,675,812	-	14,675,812
Cash and cash equivalents	30,885,733	-	30,885,733
Unbilled receivable	72,316	-	72,316
Finance Lease Receivable	160,988	-	160,988
Deferred cost	-	3,811,763	3,811,763
	47,706,296	3,944,701	51,650,997
Liabilities			
Owed to parent and fellow subsidiaries	8,529,614	-	8,529,614
Trade and other payables	1,314,209	-	1,314,209
Deferred Revenue	-	3,351,061	3,351,061
Total	9,843,823	3,351,061	13,194,884

20 Related Parties

Relationships

Holding Company

Anzospan Investments Pty Limited

Fellow Subsidiaries

Axon Solutions Limited
HCL (Brazil) Tecnologia da informacao Ltda.
HCL America Inc.
HCL Argentina s.a.
HCL Australia Services Pty. Limited
HCL Axon (Pty) Ltd.
HCL Axon Technologies Inc.-SD (fly Axon Solutions (Canada)
HCL EAS Limited,
HCL GmbH
HCL Great Britain Limited
HCL Hong Kong SAR Limited
HCL Japan Limited
HCL Poland Sp.z.o.o.
HCL Arabia LLC
HCL Singapore Pte Limited
HCL Sweden AB

HCL Technologies (Shanghai) Limited
HCL Technologies Austria GmbH
HCL Technologies Chile Spa
HCL Technologies Denmark Apps
HCL Technologies Limited - Russia Branch
HCL Technologies Limited (IOMC) Infra Division
HCL Technologies Limited - Finland Branch
HCL Technologies Limited Software Division
HCL Technologies Ltd- Lucknow
HCL Technologies Middle East FZ- LLC
HCL Technologies Philippines Inc.
HCL Technologies UK Limited
HCL Technologies, S.A.
PT. HCL Technologies Indonesia
HCL Technologies Limited- Ireland Branch
HCL Technologies Norway AS

Ultimate holding company

HCL Technologies Limited

Notes to the Audited Annual Financial Statements (continued)

March 2018

Related party balances

Particulars	Amount in Rand						
	Equity	Trade Receivables	Unbilled receivable	Interest Receivable	Deferred revenue	Trade payables	Other Liabilities
Anzospa Investments (PTY) Limited	2,975,000	-	-	-	-	100,000	-
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	-	-	-	(0)	-
HCL Technologies Chile SpA	-	434,680	-	-	-	-	-
HCL Technologies Limited - Russia Branch	-	29,085	-	-	-	-	-
HCL Technologies Limited (IOMC) Infra Division	-	-	-	-	-	-	-
HCL Technologies Limited- Finland Branch	-	-	-	-	-	310,647	-
HCL Technologies Limited Software Division	-	189,120	-	-	-	-	-
HCL Technologies Ltd- Lucknow	-	-	-	-	-	669,008	-
HCL Technologies UK Limited	-	-	-	-	-	2,391,406	-
HCL Technologies, S.A.	-	25	-	-	-	1,025,911	-
PT. HCL Technologies Indonesia	-	64,506	-	-	-	-	-
Total	2,975,000	2,858,510	-	-	-	8,526,845	-

Related Party Transactions

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

March 2017

Related party balances

Particulars	Amount in Rand						
	Equity	Trade Receivables	Unbilled receivable	Interest Receivable	Deferred revenue	Trade payables	Other Liabilities
Anzospa Investments (PTY) Limited	2,975,000	-	-	-	-	-	-
HCL (Brazil) Tecnologia da Informacao Ltda.	-	2,461,165	-	-	-	565,080	-
HCL Argentina	-	-	-	-	-	303,745	114,714
HCL Australia Services Pty. Limited, Australia	-	1,315,165	-	-	-	128,848	-
HCL Axon (Pty) Limited	-	10,442,134	30	-	3,351,061	994,466	-
HCL Great Britain Limited	-	-	-	14,555	-	1,079,703	-
HCL Saudi Arabia LLC	-	-	-	-	-	340,772	-
HCL Technologies Chile SpA	-	257,991	-	-	-	-	-
HCL Technologies Limited	-	-	-	-	-	-	-
HCL Technologies Middle East FZ- LLC	-	-	-	-	-	4,597,786	-
HCL Technologies UK Limited	-	-	-	-	-	-	26,193
HCL Technologies, S.A.	-	184,802	-	-	-	378,308	-
Total	2,975,000	14,661,257	30	14,555	3,351,061	8,388,708	140,907

Related Party Transactions

Particulars	Amount in Rand	
	Service Income	Consulting Charges - Grp
HCL (Brazil) Tecnologia da Informacao Ltda.	1,398,035	565,573
HCL America Inc., United States of America	1,492,508	-
HCL Argentina	-	354,878
HCL Australia Services Pty. Limited	-	132,999
HCL Axon (Pty) Limited	4,491,923	108,242
HCL Great Britain Limited	10,838,368	-
HCL Saudi Arabia LLC	-	2,036,599
HCL Technologies Limited	-	546,466
HCL Technologies Middle East FZ- LLC	(26,556)	4,983,984
HCL Technologies UK Limited	-	26,193
Total	18,194,278	12,653,954

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21 Capital management

	31 March 2018 R	31 March 2017 R
Share Capital	2,975,000	2,975,000
Accumulated Profit	39,750,288	38,528,539
	42,725,288	41,503,539

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.

22 Finance Leases

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

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	-

31 March 2017

Year	Minimum Lease Rent Receivable	Present Value of Lease Rent Receivable	Interest Included in Lease Rent Receivable
2017-18	163,836	160,988	2,848
2018-19	-	-	-
2019-20	-	-	-
2020-21	-	-	-
Total	163,836	160,988	2,848

23 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.