

**HCL AXON PROPRIETARY LIMITED**

**Audited Annual Financial Statements**

**at**

**March 31, 2018**

## General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Sale, purchase, distribution, license, lease, services, manpower deployment, maintenance and consultancy of all kind, related to information technology.
Directors	Anil Kumar Chanana (Indian citizen) Luyolo Poswa (South African citizen) (Resigned: 16 <sup>th</sup> Aug, 2017) Nima Pravin Gagjee (South African citizen) (Joined: - 4 <sup>th</sup> Sep, 2017) Sundaram Sridharan (Singapore Citizen)
Registered office	GMI House, Harlequins Office Park, 164 Totius Street, Groenkloof, Pretoria, 0027
Business address	2nd Floor, ABB Park The Crescent 3 Eglin Road, Sunninghill 2157, South Africa
Postal address	PO Box 619 Pretoria 0001
Holding company	Anzospan Investment Proprietary Limited (Incorporated in South Africa)
Ultimate holding company	HCL Technologies Limited (Incorporated in India)
Auditors	Ernst & Young Inc. Chartered Accountants
Company registration number	2009/003046/07
Preparer of Annual Financial Statements	Deepak Gupta (Associated Chartered Accountant of India)

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### Approval of Annual Financial Statements

The audited annual financial statements set out on pages 6 to 30 were approved by the board of directors on \_\_\_ / \_\_\_, 2018.



Anil Kumar Chanana  
Director



Sundaram Sridharan  
Director

## **Independent Auditor's Report**

*To the Shareholders HCL Axon Proprietary Limited.*

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of *HCL Axon Proprietary Limited* set out on pages 6 to 30, 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 Axon 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 Standards and the requirements of the Companies Act of South Africa.

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)*, 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 Axon 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 Axon 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 Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation

of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Partner - Donovan van Straaten

Registered Auditor

Chartered Accountant (SA)

10 July 2018

## **Directors' Report**

### **1. Directors' responsibilities**

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

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

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

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

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

### **2. Incorporation**

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

### **3. Business and operations**

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

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

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

### **4. Review of operations**

The results of operations for the year are set out in the statement of comprehensive income. A net profit of ZAR 76,949,249 (2017: Profit ZAR 89,672,431) was recorded for the year under review.

### **5. Share capital**

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

## **Directors' Report - continued**

### **6. Directors**

Particulars of the directors as on 31<sup>st</sup> March, 2018 are given on page 1.

### **7. Holding company**

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

### **8. Ultimate holding company**

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

### **9. Dividends**

Dividend of ZAR 80,040,000 paid during the year to the shareholders.

### **10. Subsequent events**

No material fact or circumstance has occurred between the accounting date and the date of this report.



**Anil Kumar Chanana**  
Director



**Sundaram Sridharan**  
Director

**HCL Axon Proprietary Limited**

(Registration number 2009/003046/07)

**Audited Annual Financial Statements for the year ended March 31, 2018****Statement of comprehensive income for the year ended March 31, 2018**

		<b>31 March 2018</b>	<b>31 March 2017</b>
	<b>Note</b>	<b>ZAR</b>	<b>ZAR</b>
Revenue	2	777,773,290	790,706,396
Operating costs	3	(689,436,390)	(678,627,516)
		88,336,900	112,078,880
Other income/(expense)	4	16,425,023	15,731,138
Operating profit		104,761,923	127,810,018
Finance cost	5	(498,660)	(784,046)
Profit before taxation		104,263,263	127,025,972
Taxation	6	(27,314,014)	(37,353,541)
Profit after taxation		76,949,249	89,672,431
Total comprehensive income for the year		<b>76,949,249</b>	<b>89,672,431</b>

**HCL Axon Proprietary Limited**

(Registration number 2009/003046/07)

**Audited Annual Financial Statements for the year ended March 31, 2018****Statement of Financial Position as at March 31, 2018**

	Note	31 March 2018 ZAR	31 March 2017 ZAR
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	7	19,313,011	22,936,736
Intangible Assets	8	2,434,442	4,230,402
Goodwill		118,714,119	118,714,119
Investment in Subsidiaries	9	17,236,800	17,236,800
Non-Current Receivables	10	29,151,381	107,565,810
Deferred Cost		5,145	245,112
Deferred tax assets (Net)	19	2,013,100	-
		<b>188,867,998</b>	<b>270,928,979</b>
<b>Current Assets</b>			
Trade Receivables	11	132,488,162	105,811,287
Other Receivables	11	21,079,940	12,069,687
Deferred Cost	12	9,040,204	12,212,689
Finance Lease Receivables	30	50,609,899	50,808,023
Receivable from Ultimate Holding Company and Fellow Subsidiaries	13	15,975,478	11,816,553
Inventories	14	1,386,028	1,679,965
Cash and Cash Equivalents	15	424,560,105	244,596,442
Unbilled Receivables	17	28,699,584	46,011,537
Unbilled Receivables from Ultimate Holding Company and Fellow Subsidiaries		-	184,964
		<b>683,839,400</b>	<b>485,191,147</b>
<b>Total Assets</b>		<b>872,707,398</b>	<b>756,120,126</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share Capital	18	87,000,000	87,000,000
Retained Income		482,183,232	485,273,983
		<b>569,183,232</b>	<b>572,273,983</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Deferred Tax Liabilities (Net)	19	-	10,286,223
Deferred revenue		4,342,000	-
		<b>4,342,000</b>	<b>10,286,223</b>
<b>Current Liabilities</b>			
Loan from Fellow Subsidiaries		8,314,450	8,328,000
Owed to Ultimate Holding Company and Fellow Subsidiaries	20	222,186,056	93,663,580
Trade and Other Payables	21	53,431,652	54,020,340
Income Tax Payable	16	5,001,411	3,111,986
Provisions	22	10,248,597	14,436,014
		<b>299,182,166</b>	<b>173,559,920</b>
<b>Total Equity and Liabilities</b>		<b>872,707,398</b>	<b>756,120,126</b>



**HCL Axon Proprietary Limited**

(Registration number 2009/003046/07)

**Audited Annual Financial Statements for the year ended March 31, 2018****Statement of changes in equity for the year ended March 31, 2018**

	<b>Share Capital ZAR</b>	<b>Retained Income ZAR</b>	<b>Total Equity ZAR</b>
<b>At April 1, 2016</b>	87,000,000	395,601,552	482,601,552
Total comprehensive Income	-	89,672,431	89,672,431
<b>Balance at March 31, 2017</b>	<b>87,000,000</b>	<b>485,273,983</b>	<b>572,273,983</b>
<b>At April 1, 2017</b>	87,000,000	485,273,983	572,273,983
Total comprehensive Income	-	76,949,249	76,949,249
Dividend Paid (Note-1)	-	(80,040,000)	(80,040,000)
<b>Balance at March 31, 2018</b>	<b>87,000,000</b>	<b>482,183,232</b>	<b>569,183,232</b>

Note-1- Company has paid interim dividend for the year 2017-18 at the rate of ZAR 0.92 per equity share of face value ZAR 1 each.

**HCL Axon Proprietary Limited**  
(Registration number 2009/003046/07)  
**Audited Annual Financial Statements for the year ended March 31, 2018**

**Statement of Cash Flows for year ended March 31, 2018**

	Note	31 March 2018 ZAR	31 March 2017 ZAR
<b>Cash flows from operating activities</b>			
Profit before tax		104,263,263	127,025,972
<b>Adjusted for :</b>			
Depreciation and amortization		8,235,662	6,225,582
Interest income		(19,232,519)	(9,940,381)
Profit on sale of fixed assets		-	(3,864)
Unrealized foreign currency gains and losses		(7,448,466)	(4,704,164)
Interest expenses		319,070	475,010
<b>Cash inflows before working capital changes</b>		<b>86,137,010</b>	<b>119,078,155</b>
<b>Movement in working capital changes</b>			
(Increase) / Decrease in Trade and other receivables		(24,741,413)	72,399,394
(Increase) / Decrease in Receivable from fellow subsidiaries		(4,068,925)	4,888,722
(Increase) / Decrease in Inventories		293,936	8,898,825
(Increase) / Decrease in Unbilled receivable		17,311,953	109,094,002
(Increase) / Decrease in Unbilled receivable from ultimate holding company and		184,964	148,105
Increase in Non-current receivables		78,654,396	13,291,103
Increase / (Decrease) in Owed to ultimate holding company and fellow subsidiaries		127,515,649	(88,661,892)
Increase / (Decrease) in Trade and other payables		(36,203)	(8,462,895)
Decrease in Deferred revenue		4,342,000	-
Increase / (Decrease) in Provisions		(4,187,417)	1,428,708
<b>Cash flow from/(used in) operations</b>		<b>281,405,950</b>	<b>232,102,227</b>
Income Tax paid		(36,829,188)	(27,991,819)
<b>Net cash inflow / (outflow) from operating activities</b>		<b>244,576,762</b>	<b>204,110,408</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets		(4,313,675)	(24,956,197)
Sale of Fixed Assets		1,497,697	201,460
Interest income		18,247,797	9,906,723
<b>Net cash used in investing activities</b>		<b>15,431,819</b>	<b>(14,848,014)</b>
<b>Cash flows from financing activities</b>			
Movement in unsecured loans		-	(14,105,411)
Movement in unsecured loan to fellow subsidiaries		-	(500,000)
Interest paid		(4,918)	(322,284)
Dividend Paid		(80,040,000)	-
<b>Net cash from / (used in) financing activities</b>		<b>(80,044,918)</b>	<b>(14,927,695)</b>
Net Increase / (decrease) in cash and cash equivalents		179,963,663	174,334,699
Cash and cash equivalents at the beginning of the year		244,596,442	70,261,743
<b>Cash and cash equivalents at the end of the year *</b>	<b>15</b>	<b>424,560,105</b>	<b>244,596,442</b>

Cash and cash equivalent represent balance with bank.

## Accounting policies

### 1. Presentation of Annual Financial Statements

The Annual Financial Statements set out on pages 6 to 29 are prepared on the historical cost basis. The company's significant accounting policies conform with International Financial Reporting Standards.

Company has used exemptions in accordance with IFRS 10.4 and has not consolidated its subsidiary (HCL South Africa Share Ownership Trust), and is consolidated with its parent entity (Anzospan Investment Proprietary Ltd.)

The company uses the ZAR as its reporting currency.

#### 1.1 Property, plant and equipment

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

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

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

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

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

#### 1.2 Tax

##### Current tax

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

##### Deferred Tax

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

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

#### 1.3 Leases

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

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

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

##### Company as lessee

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

## Accounting policies (continued)

### 1.3 Leases (continued)

#### Company as lessor

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

### 1.4 Intangible assets

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

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

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

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

### 1.5 Business combinations and goodwill

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to Other Comprehensive Income(OCI). If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity. Transactions costs directly attributable to the acquisition forms part of the acquisition costs.

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

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

## Accounting policies (continued)

### 1.6 Financial instruments

#### Recognition

Financial assets and financial liabilities are initially recognised on the balance sheet when the enterprise becomes party to the contractual provisions of the instrument. Recognition is based on the trade date.

#### Measurement

Financial instruments are initially measured at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

#### Cash and cash equivalents

Cash and cash equivalents are after initial recognition measured at amortised costs. Gains and losses are recognised in profit or loss when the cash and bank balances are derecognised or impaired as well as through the amortisation process. Cash and cash equivalents comprise cash in bank and cash on short notice and money in transit.

#### Trade and other receivables

Trade and other receivables are after initial recognition measured at amortised cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognised in profit or loss when the trade and other receivables are derecognised or impaired as well as through the amortisation process.

#### Interest bearing loans and borrowings

Interest bearing loans and borrowings are classified as financial liabilities held for trading and are after initial recognition carried at amortised cost using the effective interest rate method, being original debt value less principal repayments and amortisation. Gains and losses are recognised in Statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

#### Intercompany loans and balances

Intercompany loans and intercompany balances are after initial recognition measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the inter loans and intercompany balances are derecognised or impaired as well as through the amortisation process.

#### Trade and other payables

Trade and other payables are classified as financial liabilities originated by the enterprise and are carried after initial recognition at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the trade and other payables are derecognised or impaired as well as through the amortisation process.

#### Derecognition

##### a) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third part under a 'pass-through' arrangement; or
- the company has transferred its rights to receive cash flows from the asset and either
  - (a) has transferred substantially all the risks and rewards of the asset, or
  - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the company's continuing involvement is the amount of the transferred asset that the company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

## Accounting policies (continued)

### 1.6 Financial Instruments (continued)

#### b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### Impairment

The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

#### i) Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the Statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

#### ii) Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

#### iii) Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the Statement of comprehensive income. Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

### 1.7 Provisions

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

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

### 1.8 Foreign currencies

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

## Accounting policies (continued)

### 1.9 Revenue recognition

Revenue from software services comprises income from time and material and fixed price contracts. Revenue with respect to time and material contracts is recognized as related services are performed. Revenue from fixed price contracts and fixed time frame contracts is recognised in accordance with the percentage completion method under which the sales value of performance, including earnings thereon, is recognised on the basis of cost incurred in respect of each contract as a proportion of total cost expected to be incurred. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provisions for estimated losses are made during the year in which a loss becomes probable based on current contract estimates. Revenue from sale of licenses for the use of software applications is recognised on transfer of title in the user license. Revenue from annual technical service contracts is recognised on a pro rata basis over the period in which such services are rendered. Income from revenue sharing agreements is recognised when the right to receive is established.

Other revenues earned by the company are recognised on the following basis:

Interest income: As it accrues unless collectability is in doubt.

Revenue from sale of goods is recognised when the significant risks and rewards of the ownership of the goods have been passed to the buyer, usually on delivery of goods.

### 1.10 Borrowing costs

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

### 1.11 Retirement benefits

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

### 1.12 Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises the purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired by the issue of shares or the other securities, the acquisition cost is the fair value of securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

### 1.13 Impairment

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. Impairment losses of continuing operations are recognised in the Statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

## Accounting policies (continued)

### 1.13 Impairment (Continued)

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

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

#### **Goodwill**

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

#### **Intangible assets**

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

### 1.14 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.

### 1.15 Value Added Tax

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

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

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

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

### 1.16 Significant accounting judgements and estimates

#### **Judgements**

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

#### **Estimation uncertainty**

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



## Accounting policies (continued)

### 1.16 Significant accounting judgements and estimates(Continued)

#### **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 1.1.

#### **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.

### 1.17 New Standards and Interpretations

#### **Standards and interpretations effective and adopted in the current financial year**

In the current financial year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

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

Amendments to IAS 7: Disclosure initiative (effective 01 January 2017)

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (effective 01 January 2017)

#### **Standards and interpretations not yet effective**

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

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

#### **IFRS 16 Leases (effective 01 January 2019)**

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

#### **IFRS 9 Financial Instruments (effective 01 January 2018)**

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a fair value through other comprehensive income (FVTOCI) measurement category for certain simple debt instruments.

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39.

## Accounting policies (continued)

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### **IFRS 15 Revenue from contracts with customers (effective 01 January 2018)**

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition standard IAS 18 Revenue, IAS 11 Construction Contracts. The effective date for adoption of IFRS 15 is financial periods beginning on or after 1 January 2018. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company is currently evaluating the impact that the adoption of this new standard will have on its financial statements.

### **IFRIC 22: Foreign Currency Transactions and Advance consideration (effective 01 January 2018)**

On December 8, 2016, the International Accounting Standard Board issued IFRIC 22 which clarifies the accounting of transactions that include the receipt of payment of advance consideration in a foreign currency. The interpretation explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance a date of transaction is established for each payment or receipt. The Company is evaluating the impact, if any, of IFRIC 22 on its financial statements.

### **IFRIC 23: Uncertainty Over income tax treatments (effective 01 January 2019)**

On June 7, 2017, the International Accounting Standards Board issued IFRIC 23 which clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, and tax rates would depend upon the probability.

The Company is currently evaluating the impact that the adoption of these new standard will have on its financial statements. The Company will implement the IFRS which are effective on or after 01 January 2018, in its financial year starting 01 April 2018.

The Company will implement the IFRS which are effective on or after 01 January 2019, in its financial year starting 01 April 2019.

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

	<b>31 March 2018</b>	<b>31 March 2017</b>
	<b>ZAR</b>	<b>ZAR</b>
<b>2 Revenue</b>		
Total revenue comprises:		
Service Income	737,191,669	750,472,865
Sale of goods*	27,501,952	28,958,031
Sale under capital lease	4,890,187	221,109
Interest income on leased assets	8,189,482	11,054,391
	<b>777,773,290</b>	<b>790,706,396</b>
*Sale of goods comprises of sale of IT hardware items to customers		
<b>3 Operating costs</b>		
Operating costs include :		
Depreciation on plant and equipment	6,069,362	4,486,747
Amortization of intangibles assets	2,166,300	1,738,835
Operating lease expense	1,749,718	2,144,259
Auditor's remuneration	162,993	148,175
Provision for Bad debts/(written back)	(13,592,276)	16,139,916
Consulting Charges	349,223,372	323,997,096
Cost of goods sold	27,518,988	24,943,959
<b>Employee Benefits</b>		
Salaries	169,107,466	175,480,382
Bonus	1,333,550	10,985,869
Pension costs - defined contribution plan	868,290	984,394
<b>4 Other Income / (expenses)</b>		
Exchange loss (Net)	(2,807,496)	5,786,893
Miscellaneous Income	-	3,864
Interest on income tax refund	894,722	-
Interest income	18,337,797	9,940,381
	<b>16,425,023</b>	<b>15,731,138</b>
<b>5 Finance costs</b>		
<b>Interest Expense</b>		
On loan from fellow subsidiaries	314,152	475,010
Cash credit from bank	4,918	-
Bank charges	179,590	309,036
	<b>498,660</b>	<b>784,046</b>
<b>6 Taxation</b>		
The major components of income tax expenses		
<b>Current Income Tax:</b>		
Current Income Tax Charge	41,226,421	40,327,286
Adjustments in respect of current income tax of previous year	(1,613,084)	1,626,301
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(12,299,323)	(4,600,046)
Deferred tax Prior year under provision	-	-
	<b>27,314,014</b>	<b>37,353,541</b>
<b>Reconciliation of tax expense and the accounting profit</b>		
Accounting profit before income tax	104,263,263	127,025,972
Statutory income tax rate of 28% (2016: 28%)	29,193,714	35,567,272
Adjustments in respect of current income tax of previous years	(1,613,084)	1,626,301
Non-deductible expenses for tax purposes:	(16,092)	159,968
Tax on interest income for tax purposes:	(250,524)	-
At the effective income tax rate of 28% (2016: 28%)	<b>27,314,014</b>	<b>37,353,541</b>
Income tax expense reported in the statement of profit or loss	<b>27,314,014</b>	<b>37,353,541</b>

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

**7. Property, Plant and Equipment**

	Computer Equipment (ZAR)	Plant Machinery (ZAR)	Office Equipment (ZAR)	Furniture and Fittings (ZAR)	Under Construction (ZAR)	Total (ZAR)
At March 31, 2016	4,947,197	221,400	795,600	1,775,917	277,566	8,017,680
Additions	23,491,142	-	-	-	1,485,209	24,976,351
Retirement	(2,182,214)	-	(27,567)	-	-	(2,209,781)
At March 31, 2017	26,256,125	221,400	768,033	1,775,917	1,762,775	30,784,250
At 01 April 2017	26,256,125	221,400	768,033	1,775,917	1,762,775	30,784,250
Additions	3,943,335	-	-	-	-	3,943,335
Disposal	(2,786,238)	-	(8,664)	-	(1,497,697)	(4,292,599)
At March 31, 2018	27,413,222	221,400	759,369	1,775,917	265,078	30,434,986

  

	Computer Equipment (ZAR)	Plant Machinery (ZAR)	Office Equipment (ZAR)	Furniture and Fittings (ZAR)	Under Construction (ZAR)	Total (ZAR)
At March 31, 2016	(3,926,786)	(20,138)	(633,994)	(989,631)	-	(5,570,549)
Depreciation Charged during the year	(4,181,081)	(22,140)	(84,276)	(199,249)	-	(4,486,746)
Retirement	2,182,214	-	27,567	-	-	2,209,781
At March 31, 2017	(5,925,653)	(42,278)	(690,703)	(1,188,880)	-	(7,847,514)
Depreciation Charged during the year	(5,781,934)	(22,140)	(66,043)	(199,246)	-	(6,069,363)
Retirement	2,786,238	-	8,664	-	-	2,794,902
At March 31, 2018	(8,921,349)	(64,418)	(748,082)	(1,388,126)	-	(11,121,975)

  

	Computer Equipment (ZAR)	Plant Machinery (ZAR)	Office Equipment (ZAR)	Furniture and Fittings (ZAR)	Under Construction (ZAR)	Total (ZAR)
Net Book Value						
At March 31, 2018	18,491,873	156,982	11,287	387,791	265,078	19,313,011
At March 31, 2017	20,330,472	179,122	77,330	587,037	1,762,775	22,936,736

The gross carrying amount of fully depreciated property plant & equipment that is still in use as at 31 March 2018 is ZAR 2,233,338

**8. Intangible Assets**

	Order backlog (ZAR)	Customer Relationship (ZAR)	Intellectual Property (ZAR)	Software Application (ZAR)	Total (ZAR)
At March 31, 2016	771,028	17,375,385	2,500,000	201,460	20,847,873
Additions	-	-	-	177,442	177,442
Retirement (Disposal)	-	-	-	(201,460)	(201,460)
At March 31, 2017	771,028	17,375,385	2,500,000	177,442	20,823,855
Additions	-	-	-	370,340	370,340
At March 31, 2018	771,028	17,375,385	2,500,000	547,782	21,194,195

  

	Order backlog (ZAR)	Customer Relationship (ZAR)	Intellectual Property (ZAR)	Software Application (ZAR)	Total (ZAR)
At March 31, 2016	(771,028)	(12,125,256)	(1,958,335)	(3,864)	(14,858,483)
Amortisation charge for the year	-	(1,195,873)	(541,665)	(1,296)	(1,738,834)
Amortisation reversal on assets	-	-	-	3,864	3,864
At March 31, 2017	(771,028)	(13,321,129)	(2,500,000)	(1,296)	(16,593,453)
Amortisation charge for the year	-	(1,737,538)	-	(428,762)	(2,166,300)
At March 31, 2018	(771,028)	(15,058,667)	(2,500,000)	(430,058)	(18,769,753)

  

	Order backlog (ZAR)	Customer Relationship (ZAR)	Intellectual Property (ZAR)	Software Application (ZAR)	Total (ZAR)
Net Book Value					
At March 31, 2018	-	2,316,718	-	117,724	2,434,442
At March 31, 2017	-	4,054,256	-	176,146	4,230,402

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

	31 March 2018 ZAR	31 March 2017 ZAR													
<b>9 Investment in Subsidiaries</b>															
100% interest in issued share capital of HCL South Africa Share Ownership Trust Incorporated in South Africa	17,236,800	17,236,800													
	<b>17,236,800</b>	<b>17,236,800</b>													
<b>10 Non-current receivables</b>															
Finance lease receivables	25,663,356	105,672,618													
Deposits	118,200	1,872,502													
Prepaid Expenses	3,369,825	20,690													
	<b>29,151,381</b>	<b>107,565,810</b>													
<b>11 Trade and other receivables</b>															
Trade receivables	139,824,458	126,739,859													
Less: Provision for doubtful debt	(7,336,296)	(20,928,572)													
	<b>132,488,162</b>	<b>105,811,287</b>													
Other receivables	21,493,821	12,483,568													
Less: Provision for other current assets	(413,881)	(413,881)													
	<b>21,079,940</b>	<b>12,069,687</b>													
Trade receivables are generally non-interest bearing and are generally on 30 days terms As at March 31, 2018 the ageing analysis of trade receivables is as follows:															
	<table> <tr> <th rowspan="2">Total</th> <th rowspan="2">Neither past due nor impaired (Up to 30 days)</th> <th colspan="3">Past due but not impaired</th> </tr> <tr> <th>31-60 Days</th> <th>61-180 Days</th> <th>180&gt; Days</th> </tr> <tr> <td>132,488,162</td> <td>91,060,413</td> <td>27,100,509</td> <td>14,741,619</td> <td>(414,379)</td> </tr> </table>		Total	Neither past due nor impaired (Up to 30 days)	Past due but not impaired			31-60 Days	61-180 Days	180> Days	132,488,162	91,060,413	27,100,509	14,741,619	(414,379)
Total	Neither past due nor impaired (Up to 30 days)	Past due but not impaired													
		31-60 Days	61-180 Days	180> Days											
132,488,162	91,060,413	27,100,509	14,741,619	(414,379)											
<b>12 Deferred Cost</b>															
Deferred Cost - group	8,872,830	11,795,846													
Deferred Cost - Non group	167,374	416,843													
	<b>9,040,204</b>	<b>12,212,689</b>													
<b>13 Receivable from ultimate Holding company and fellow subsidiary</b>															
Trade Receivable-group	14,825,560	10,756,835													
Short term Loans-group	1,000,000	1,000,000													
Interest receivable on Loan-group	149,918	59,918													
	<b>15,975,478</b>	<b>11,816,553</b>													
<b>14 Inventories</b>															
Inventory in hand	1,386,028	1,679,965													
	<b>1,386,028</b>	<b>1,679,965</b>													
Inventories are hardware as component requirement that are used to support the installation of the company's service to customers. These are mainly servers, storage devices, backup devices & networking equipment which are purchased from vendor & bill will be billed to the customer as & when project requirement will be received.															
<b>15 Cash and cash equivalents</b>															
Cash at Bank	96,560,105	39,596,442													
Term Deposit	328,000,000	205,000,000													
	<b>424,560,105</b>	<b>244,596,442</b>													
There is an undrawn borrowing facility of ZAR 25,000,000 which is available for future operation activities and settling capital commitments. There is no restriction on use of this facility.															
<b>16 Income Tax Payable</b>															
Advance Tax	(80,174,301)	(88,622,026)													
Income Tax Provisions	85,175,712	91,734,012													
	<b>5,001,411</b>	<b>3,111,986</b>													

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	<b>31 March 2018</b>		<b>31 March 2017</b>	
	<b>ZAR</b>		<b>ZAR</b>	
<b>17 Unbilled Receivables</b>				
Unbilled Receivables		30,334,457		75,914,172
Accrued Revenue		(1,634,873)		(29,902,635)
		<b>28,699,584</b>		<b>46,011,537</b>
<b>18 Share capital</b>				
<b>Authorized</b>				
200,000,000 (2017 : 20,000,000) ordinary shares of ZAR 1 each		200,000,000		200,000,000
<b>Issued</b>				
87,000,000 (2017: 87,000,000) ordinary shares of ZAR 1 each		<b>87,000,000</b>		<b>87,000,000</b>
<b>19 Deferred Tax</b>				
Deferred tax relates to the following:				
	<b>Statement of Financial Position</b>		<b>Statement of Comprehensive Income</b>	
	<b>31 March 2018</b>	<b>31 March 2017</b>	<b>31 March 2018</b>	<b>31 March 2017</b>
Intangible assets	(648,681)	(1,135,192)	486,511	(486,510)
Prepaid expenses		-	-	-
Unrealized foreign exchange (Gain) / Loss		-	-	-
Deferred revenue / cost (Net)	3,157,271	946,609	2,210,662	(893,667)
Bonus provision	1,234,478	2,431,326	(1,196,848)	(1,162,814)
Leave pay provision	752,464	885,131	(132,667)	460,913
Bad debts provision	1,540,622	4,395,000	(2,854,378)	(3,389,343)
Provision for customer discount		-	-	-
Other provisions	115,887	115,887	-	0
Net Prepayment	(430,396)	-	(430,396)	-
Leases	(3,708,545)	(17,924,984)	14,216,439	871,375
<b>Deferred tax expense / (benefit)</b>			<b>12,299,323</b>	<b>(4,600,046)</b>
<b>Net deferred tax assets / (liabilities)</b>	<b>2,013,100</b>	<b>(10,286,223)</b>		
			<b>31 March 2018</b>	<b>31 March 2017</b>
			<b>ZAR</b>	<b>ZAR</b>
Reflected in the statement of financial position as follows:				
Deferred tax assets:			6,800,721	8,773,953
Deferred tax liabilities:			(4,787,621)	(19,060,176)
<b>Deferred tax liabilities (net):</b>			<b>2,013,100</b>	<b>(10,286,223)</b>
Reconciliation of deferred tax assets, net				
<b>As of 1 April 2017</b>			(10,286,223)	(14,886,269)
Tax income (expense) during the year recognized in profit and loss			(12,299,323)	(4,600,046)
<b>As at 31 March 2018</b>			<b>2,013,100</b>	<b>(10,286,223)</b>
<b>20 Owed to ultimate Holding company and fellow subsidiary</b>				
Trade payables - group			221,050,511	92,831,134
Interest payable on Loan - group			1,135,545	832,446
			<b>222,186,056</b>	<b>93,663,580</b>
<b>21 Trade and other payables</b>				
Trade payables			13,506,158	14,270,137
Accruals			3,269,694	6,196,903
Advance received from customer			17,831	-
VAT Payable			11,267,724	10,905,019
Other payables			17,375,761	19,254,988
Deferred revenue			7,994,484	3,393,293
			<b>53,431,652</b>	<b>54,020,340</b>
<b>22 Provisions</b>				
Leave encashment			2,687,371	3,161,182
Bonus			4,408,849	8,683,308
LD/SLA Violation			3,152,377	2,591,524
			<b>10,248,597</b>	<b>14,436,014</b>
<b>Movement of provisions</b>	<b>Leave encashment</b>	<b>Bonus</b>	<b>LD/SLA Violation</b>	<b>Total</b>
Opening	3,161,182	8,683,308	2,591,524	14,436,014
Charge during the year	1,648,025	4,387,778	560,853	6,596,656
Payout during the year	(2,121,836)	(8,662,237)	-	(10,784,073)
Closing Balance	<b>2,687,371</b>	<b>4,408,849</b>	<b>3,152,377</b>	<b>10,248,597</b>

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

**22 Provisions (continued)**

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

The bonus provision represents the potential liability to certain staff members for bonuses calculated based on the company's financial year performance. The amounts of the bonuses are uncertain, as the bonuses are awarded at the holding company's discretion. The bonuses are expected to be settled within 1 year.

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

**23 Commitments**

**a) Operating lease commitments**

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

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

	31 March 2018 ZAR	31 March 2017 ZAR
Not later than One Year	809,775	1,179,696
Later than one year but not later than five years	1,126,819	1,651,089
	1,936,594	2,830,785

**b) Capital commitments**

There are capital commitments at the balance sheet date March 31, 2018 amounting to ZAR 112,824 (2017: 642,009)

**24 Financial instrument risk management**

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

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

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

**Interest rate risk**

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

Increase / (decrease) in basis points	Effect on loss for the year increase / (decrease) (in ZAR)	
	31 March 2018	31 March 2017
100	73,145	73,280
-100	(73,145)	(73,280)

**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 to the financial statements.

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

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

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

**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.

	31 March 2018		31 March 2017	
	Change in Rate	Effect on profit before tax	Change in Rate	Effect on profit before tax
		ZAR		ZAR
EUR	2%	(22,365)	-15%	2,145
GBP	0%	62,174	-22%	2,355,106
INR	14%	(4,766)	8%	(552)
MYR	1%	(3,137)	-20%	(3,909)
USD	-11%	(5,236,731)	-9%	(2,420,401)
BRL	-16%	13,675	4%	(1,856)
CLP	3%	(1,060)	9%	(5,555)
CNY	-3%	38,827	-15%	15,246
NOK	0%	-	-12%	60,647
SEK	-5%	553	-18%	17,479
PLN	100%	(542,134)	0%	-
TRY	100%	(15,755)	0%	-

  

EUR	-2%	22,365	15%	(2,145)
GBP	0%	(62,174)	22%	(2,355,106)
INR	-14%	4,766	-8%	552
MYR	-1%	3,137	20%	3,909
USD	11%	5,236,731	9%	2,420,401
BRL	16%	(13,675)	-4%	1,856
CLP	-3%	1,060	-9%	5,555
CNY	3%	(38,827)	15%	(15,246)
NOK	0%	-	12%	(60,647)
SEK	5%	(553)	18%	(17,479)
PLN	-100%	542,134	0%	-
TRY	-100%	15,755	0%	-

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.



Notes to the financial statements (Continued)

24 Financial instrument risk management (Continued)

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
<b>March 31, 2018</b>					
Loan from holding company	2.5% p.a.	-	-	-	-
Loan from fellow subsidiaries	2.5% p.a.	8,314,450	-	-	8,314,450
Owed to ultimate holding company fellow subsidiaries	Interest free	222,186,056	-	-	222,186,056
Trade and other payables	Interest free	45,437,168	-	-	45,437,168
Current Tax Payable	Interest free	5,001,411	-	-	5,001,411
Provisions	Interest free	10,248,597	-	-	10,248,597
<b>March 31, 2017</b>					
Loan from holding company	2.5% p.a.	-	-	-	-
Loan from fellow subsidiaries	2.5% p.a.	8,328,000	-	-	8,328,000
Owed to ultimate holding company fellow subsidiaries	Interest free	93,663,580	-	-	93,663,580
Trade and other payables	Interest free	50,627,046	-	-	50,627,046
Current Tax Payable	Interest free	3,111,986	-	-	3,111,986
Provisions	Interest free	14,436,014	-	-	14,436,014

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.

25 Classification of Financial Instrument

31 March 2018

Assets

	Loans and receivables / (financial liabilities at amortized cost) ZAR	Non-financial assets / liabilities ZAR	Total	ZAR
Trade and other receivables	132,488,162	21,079,940		153,568,102
Receivable from fellow subsidiaries	15,975,478	-		15,975,478
Cash and cash equivalents	424,560,105	-		424,560,105
Unbilled receivable	28,699,584	-		28,699,584
Finance Lease Receivable	76,273,255	-		76,273,255
Deferred cost	-	9,045,349		9,045,349
<b>Total</b>	<b>677,996,584</b>	<b>30,125,289</b>		<b>708,121,873</b>

Liabilities

Loan from fellow subsidiaries	8,314,450	-		8,314,450
Owed to parent and fellow subsidiaries	222,186,056	-		222,186,056
Trade and other payables	34,151,613	11,267,724		45,419,337
Deferred Revenue	-	12,336,484		12,336,484
<b>Total</b>	<b>264,652,119</b>	<b>23,604,208</b>		<b>288,256,327</b>

31 March 2017

Assets

	Loans and receivables / (financial liabilities at amortized cost) ZAR	Non-financial assets / liabilities ZAR	Total	ZAR
Trade and other receivables	105,811,287	12,069,687		117,880,974
Receivable from fellow subsidiaries	11,816,553	-		11,816,553
Cash and cash equivalents	244,596,442	-		244,596,442
Unbilled receivable	46,196,501	-		46,196,501
Finance Lease Receivable	156,480,642	-		156,480,642
Deferred cost	-	12,457,802		12,457,802
<b>Total</b>	<b>564,901,425</b>	<b>24,527,489</b>		<b>589,428,914</b>

Liabilities

Loan from fellow subsidiaries	8,328,000	-		8,328,000
Owed to parent and fellow subsidiaries	93,663,580	-		93,663,580
Trade and other payables	39,739,858	10,905,019		50,644,877
Deferred Revenue	-	3,393,293		3,393,293
<b>Total</b>	<b>141,731,438</b>	<b>14,298,312</b>		<b>156,029,750</b>

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

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**26 Related Party Transactions**

**a) Related parties where control exists**

**Holding company**

Anzospan Investment Proprietary Limited

**Ultimate holding company**

HCL Technologies Limited

**Subsidiaries**

HCL South Africa Share Ownership Trust

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

**Ultimate holding company**

HCL Technologies Limited

**Fellow Subsidiaries**

HCL America Inc.  
HCL Argentina s.a.  
HCL (Brazil) Tecnologia da Informacao Ltda.  
HCL Mexico S. de R.L.  
HCL America Inc. - South Africa Branch  
HCL Technologies South Africa (Proprietary) Limited  
Anzospan Investments (PTY) Limited  
HCL South Africa Share Ownership Trust  
HCL Technologies Colombia SAS  
Axon Solutions Inc  
HCL Axon Technologies Inc.-SD (fly Axon Solutions (Canada) )  
HCL Great Britain Limited  
FILIAL ESPAÑOLA DE HCL TECHNOLOGIES, S.L.  
HCL Technologies Limited- Swiss Branch  
HCL Technologies Ltd. Organizacni slozka( Czech Branch)  
HCL EAS Limited,  
HCL Sweden AB  
HCL Technologies Limited - Finland Branch  
HCL Hungary Kft  
HCL Technologies Limited - Russia Branch  
HCL (Netherlands) BV  
HCL Technologies Romania s.r.l.  
HCL Technologies Germany GmbH  
HCL Technologies UK Limited  
HCL Technologies B.V  
HCL (Ireland) Information Systems Limited  
HCL Technologies Belgium BVBA  
HCL GmbH  
Axon Group Limited UK  
Axon Solutions Limited  
HCL Technologies Chile Spa  
HCL Technologies Sweden AB  
HCL Technologies Italy SPA  
HCL İstanbul Bilişim Teknolojileri Limited Şirketi  
HCL Technologies Greece Single Member P.C.  
HCL Technologies Denmark Apps  
HCL Technologies Norway AS  
HCL Technologies Sweden (IOMC)  
CeleritiFintech Limited  
HCL Technologies France  
HCL Australia Services Pty. Limited  
HCL Technologies Limited- UAE Branch  
HCL Singapore Pte Limited  
HCL Japan Limited  
HCL Technologies Limited - Israel Branch  
HCL (New Zealand) Limited  
HCL Technologies Middle East FZ- LLC  
HCL Hong Kong SAR Limited  
JSP Consulting Sdn Bhd  
Axon Solutions Singapore Pte Ltd.  
Axon Solutions (Shanghai) Co. Ltd.  
Axon Solutions Australia Pty Limited  
HCL Axon Malaysia Sdn. Bhd.( formerly known as Axon Solutions Sdn. Bhd.)  
HCL Axon Malaysia Sdn Bhd-Software Division  
PT. HCL Technologies Indonesia  
HCL Technologies Philippines Inc.  
HCL Axon Solutions (Shanghai) Co., Ltd., Beijing Branch  
HCL Technologies (Shanghai) Limited  
HCL Axon Solutions (Shanghai) Co., Ltd Tianjin Branch  
JSP Consulting Sdn Bhd

Notes to the financial statements (Continued)

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

Particulars	Fellow Subsidiaries		Ultimate holding company	
	Year Ended	Year Ended	Year Ended	Year Ended
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	ZAR	ZAR	ZAR	ZAR
<b>Interest expenses</b>				
Axon Group Limited UK	-	193,778	-	-
Axon Solutions Limited	314,152	281,232	-	-
<b>Total</b>	<b>314,152</b>	<b>475,010</b>	-	-
<b>Insurance expenses</b>				
HCL Technologies Limited	-	-	92,129	-
<b>Total</b>	-	-	<b>92,129</b>	-
<b>Marketing Cost</b>				
HCL Great Britain Limited	23,676,076	-	-	-
<b>Total</b>	<b>23,676,076</b>	-	-	-
<b>Consulting charges</b>				
HCL Technologies Limited	-	-	307,806,717	250,727,801
Axon Solutions Inc	3,659	212,821	-	-
Axon Solutions Limited	(641,723)	1,149,974	-	-
FILIAL ESPANOLA DE HCL TECHNOLOGIES, S.L.	-	372,285	-	-
HCL (Brazil) Tecnologia da informacao Ltda.	95,593	50,428	-	-
HCL (Ireland) Information Systems Limited	-	162,931	-	-
HCL America Inc.	1,093,647	2,677	-	-
HCL Argentina s.a.	-	1,992,687	-	-
HCL Axon Solutions (Shanghai) Co., Ltd Tianjin Branch	-	617,898	-	-
HCL Axon Solutions (Shanghai) Co., Ltd., Beijing Branch	672,024	272,933	-	-
HCL Axon Technologies Inc.-SD (fly Axon Solutions (Canada) I	-	423,185	-	-
HCL GmbH	367,908	18,165,690	-	-
HCL Great Britain Limited	10,309,938	1,213,161	-	-
HCL Hungary Kft	-	382,454	-	-
HCL Mexico S. de R.L.	-	(16,430)	-	-
HCL Singapore Pte Limited	-	88,906	-	-
HCL Technologies (Shanghai) Limited	-	245,969	-	-
HCL Technologies B.V	165,478	14,574	-	-
HCL Technologies Chile Spa	38,130	62,395	-	-
HCL Technologies Denmark Apps	322,933	68,349	-	-
HCL Technologies France	-	57,892	-	-
HCL Technologies Greece Single Member P.C.	-	214,534	-	-
HCL Technologies Limited - Russia Branch	-	28,381	-	-
HCL Technologies Ltd. Organizacni slozka( Czech Branch)	-	144,662	-	-
HCL Technologies Norway AS	-	486,916	-	-
HCL Technologies Romania s.r.l.	-	149,428	-	-
HCL Technologies South Africa (Proprietary) Limited	3,599,542	10,838,368	-	-
HCL Technologies Sweden AB	-	349,771	-	-
Axon Solutions (Shanghai) Co. Ltd.	64,039	-	-	-
HCL Australia Services Pty. Limited	43,058	-	-	-
HCL Axon Malaysia Sdn Bhd-Software Division	238,004	-	-	-
HCL (Netherlands) BV	45,698	-	-	-
HCL Technologies Italy SPA	115,243	-	-	-
HCL Technologies Sweden (IOMC)	134,050	-	-	-
HCL Poland Sp.z o.o.	542,134	-	-	-
HCL Istanbul Bilisim Teknolojileri Limited Sirketi	15,755	-	-	-
HCL Belgium NV	47,958	-	-	-
HCL Technologies Beijing Co., Ltd.	112,162	-	-	-
HCL Technologies UK Limited	2,928,013	1,918,294	-	-
<b>Total</b>	<b>20,313,243</b>	<b>39,669,133</b>	<b>307,806,717</b>	<b>250,727,801</b>
<b>Software services</b>				
HCL Technologies Limited	-	-	546,146.88	4,090,030
Axon Solutions Limited	292,835	2,675,350	-	-
CeleritiFintech Limited	809,065	670,972	-	-
FILIAL ESPANOLA DE HCL TECHNOLOGIES, S.L.	-	96,935	-	-
HCL (Brazil) Tecnologia da informacao Ltda.	-	265,733	-	-
HCL America Inc.	6,253,202	1,014,752	-	-
HCL Argentina s.a.	-	75,482	-	-
HCL Australia Services Pty. Limited	1,493,937	1,821,556	-	-
HCL Axon Malaysia Sdn Bhd-Software Division	-	248,287	-	-
HCL Axon Technologies Inc.-SD (fly Axon Solutions (Canada) I	141,968	36,183	-	-
HCL Great Britain Limited	479,459	597,433	-	-
HCL Hong Kong SAR Limited	141,253	1,016,994	-	-
Axon Solutions Inc	158,464	-	-	-
HCL (Ireland) Information Systems Limited	14,109	-	-	-
HCL Hungary Kft	41,521	-	-	-
HCL Technologies Germany GmbH	92,787	-	-	-
HCL Technologies Greece Single Member P.C.	210,095	-	-	-
HCL Japan Limited	505,787	14,662	-	-
HCL Mexico S. de R.L.	-	85,786	-	-
HCL Technologies Limited- Swiss Branch	18,538	-	-	-
HCL Technologies B.V	442,729	-	-	-
HCL Technologies Italy SPA	1,347,240	-	-	-
<b>Total</b>	<b>12,442,989</b>	<b>8,620,125</b>	<b>546,147</b>	<b>4,090,030</b>

Notes to the financial statements (Continued)

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

Particulars	Fellow Subsidiaries		Ultimate holding company	
	Year Ended	Year Ended	Year Ended	Year Ended
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	ZAR	ZAR	ZAR	ZAR
HCL Singapore Pte Limited	1,812,155	3,470,827	-	-
HCL Sweden AB	149,165	16,141	-	-
HCL Technologies (Shanghai) Limited	180,593	382,454	-	-
HCL Technologies Belgium BVBA	-	16,784	-	-
HCL Technologies Chile Spa	-	47,166	-	-
HCL Technologies Colombia SAS	-	31,624	-	-
HCL Technologies France	-	42,846	-	-
HCL Technologies Limited - Russia Branch	153,085	161,687	-	-
HCL Technologies Limited - Israel Branch	-	565,511	-	-
HCL Technologies Limited- UAE Branch	-	(42,175)	-	-
HCL Technologies Middle East FZ- LLC	185,512	633,669	-	-
HCL Technologies Philippines Inc.	-	597,762	-	-
HCL Technologies South Africa (Proprietary) Limited	-	108,242	-	-
HCL Technologies UK Limited	1,353,333	1,195,864	-	-
PT. HCL Technologies Indonesia	29,347	42,461	-	-
<b>Total</b>	<b>16,306,179</b>	<b>15,890,988</b>	<b>546,147</b>	<b>4,090,030</b>
<b>Interest income</b>				
Anzospan Investments (PTY) Limited	90,000	88,521	-	-
<b>Total</b>	<b>90,000</b>	<b>88,521</b>	<b>-</b>	<b>-</b>

d) Outstanding balances with related parties

Particulars	As at 31 March 2018	As at 31 March 2017
	ZAR	ZAR
<b>Owed to ultimate holding company and fellow Subsidiaries</b>		
Axon Solutions Limited	77,750	(210,624)
FILIAL ESPANOLA DE HCL TECHNOLOGIES, S.L.	-	-
HCL (Brazil) Tecnologia da Informacao Ltda.	79,109	50,384
HCL (New Zealand) Limited	-	-
HCL America Inc. - South Africa Branch	(0)	(0)
HCL America Inc. + 4220	986,870	(402,870)
HCL Argentina s.a.	-	2,353,188
HCL Australia Services Pty. Limited	(0)	-
HCL Axon Malaysia Sdn. Bhd. (formerly known as Axon Solutions Sdn. Bhd.)	0	0
HCL Axon Malaysia Sdn Bhd-Software Division	242,537	-
HCL Axon Solutions (Shanghai) Co., Ltd Tianjin Branch	-	-
HCL Axon Solutions (Shanghai) Co., Ltd., Beijing Branch	925,507	272,933
HCL Axon Technologies Inc.-SD (fly Axon Solutions (Canada) I	0	(0)
HCL EAS Limited,	-	-
HCL GmbH	26,744	-
HCL Great Britain Limited	25,262,177	1,211,008
HCL (Netherlands) BV	45,183	-
HCL Singapore Pte Limited	0	(0)
HCL Technologies (Shanghai) Limited	233,041	239,853
HCL Technologies B.V	164,515	15,404
HCL Technologies Chile Spa	37,318	62,395
HCL Technologies Denmark Apps	(0)	-
HCL Technologies France	-	-
HCL Technologies Germany GmbH	-	-
HCL Technologies Greece Single Member P.C.	186,462	210,624
HCL Technologies Limited	189,132,255	77,932,728
Axon Solutions (Shanghai) Co. Ltd.	63,315	-
HCL Technologies Italy SPA	-	-
HCL Technologies Sweden (IOMC)	-	-
HCL Technologies Limited - Russia Branch	-	24,344
HCL Technologies Limited - Finland Branch	-	-
Axon Solutions Inc	3,659	0
HCL Technologies Norway AS	-	486,916
HCL Technologies South Africa (Proprietary) Limited	59,306	10,442,164
HCL Technologies Sweden AB	-	99,360
HCL Poland Sp.z.o.o.	533,675	-
HCL Istanbul Bilisim Teknolojileri Limited Sirketi	15,843	-
HCL Belgium NV	47,315	-
HCL Technologies Beijing Co., Ltd.	110,353	-
HCL Technologies UK Limited	2,817,577	43,326
<b>Total(X)</b>	<b>221,050,511</b>	<b>92,831,134</b>
<b>Interest payable</b>		
Axon Group Limited UK	380,245	380,864
Axon Solutions Limited	755,300	451,582
<b>Total (Y)</b>	<b>1,135,545</b>	<b>832,446</b>
<b>Total (X)+(Y)</b>	<b>222,186,056</b>	<b>93,663,580</b>

**HCL Axon Proprietary Limited**

(Registration number 2009/003046/07)

**Audited Annual Financial Statements for the year ended March 31, 2018****Notes to the financial statements (Continued)****d) Outstanding balances with related parties (Continued)**

Particulars	As at 31 March 2018 ZAR	As at 31 March 2017 ZAR
<b>Short Term Loans</b>		
Axon Solutions Limited	8,314,450	8,328,000
<b>Total</b>	<b>8,314,450</b>	<b>8,328,000</b>
<b>Trade receivable</b>		
HCL Technologies Limited	548,190	4,066,401
Axon Group Limited UK	-	-
Anzospan Investments (PTY) Limited	4,802,403	-
JSP Consulting Sdn Bhd	7,641	-
Axon Group Limited UK	-	-
HCL (Ireland) Information Systems Limited	3,457	-
HCL Hungary Kft	41,521	-
HCL Japan Limited	505,792	-
HCL Technologies Germany GmbH	47,485	-
HCL Technologies Greece Single Member P.C.	210,095	-
HCL Technologies Limited - Russia Branch	16,492	-
Axon Solutions (Shanghai) Co. Ltd.	-	-
Axon Solutions Australia Pty Limited	(0)	0
Axon Solutions Inc	11,029	41
Axon Solutions Limited	776,564	477,741
Axon Solutions Singapore Pte Ltd.	-	-
CeleritiFintech Limited	(102,963)	312,794
HCL (Brazil) Tecnologia da informacao Ltda.	39,843	223,396
HCL (New Zealand) Limited	19,115	0
HCL America Inc. - South Africa Branch	(0)	(0)
HCL America Inc. + 4220	2,809,738	215,747
HCL Argentina s.a.	7,085	63,435
HCL Australia Services Pty. Limited	700,108	799,007
HCL Axon Malaysia Sdn. Bhd. (formerly known as Axon Solutions Sdn. Bhd.)	0	0
HCL Axon Technologies Inc.-SD (fly Axon Solutions (Canada) I	45,659	36,183
HCL Great Britain Limited	112,795	145,594
HCL Hong Kong SAR Limited	-	408,551
HCL İstanbul Bilişim Teknolojileri Limited Şirketi	(147,101)	(166,162)
HCL Mexico S. de R.L.	-	85,786
HCL Singapore Pte Limited	268,621	856,042
HCL South Africa Share Ownership Trust	-	-
HCL Technologies (Shanghai) Limited	661,707	481,114
HCL Technologies Chile Spa	9,379	37,837
HCL Technologies Colombia SAS	28,855	28,497
HCL Technologies France	-	42,846
HCL Technologies Limited - Israel Branch	-	-
HCL Technologies Middle East FZ- LLC	-	723,770
HCL Technologies Norway AS	(5,160)	(5,829)
HCL Technologies Philippines Inc.	-	-
HCL Technologies South Africa (Proprietary) Limited	1,312,042	994,466
HCL Technologies UK Limited	(227,878)	402,982
HCL Technologies Limited- Swiss Branch	18,538	-
HCL Technologies B.V	442,729	-
HCL Technologies Italy SPA	1,347,239	-
PT. HCL Technologies Indonesia	5,693	34,068
<b>Total(A)</b>	<b>14,316,713</b>	<b>10,264,307</b>
<b>Short term deposits</b>		
Anzospan Investments (PTY) Limited	1,000,000	1,000,000
<b>Total(B)</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>Other receivables</b>		
Axon Solutions (Shanghai) Co. Ltd.	70,509	227,977
HCL Technologies (Shanghai) Limited	217,822	217,822
HCL Technologies Limited	184,258	40,484
HCL (Brazil) Tecnologia da informacao Ltda.	-	-
JSP Consulting Sdn Bhd	-	-
HCL Technologies Chile Spa	-	-
HCL Technologies South Africa (Proprietary) Limited	36,258	-
HCL Technologies UK Limited	-	6,045
<b>Total(C)</b>	<b>508,847</b>	<b>492,328</b>

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

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

Particulars	As at 31 March 2018 ZAR	As at 31 March 2017 ZAR
<b>Interest receivable on short term deposit</b>		
Anzospan Investments (PTY) Limited	149,918	59,918
<b>Total(D)</b>	<b>149,918</b>	<b>59,918</b>
<b>Receivable from fellow Subsidiaries (A+B+C+D)</b>	<b>15,975,478</b>	<b>11,816,553</b>
<b>Deferred cost</b>		
HCL Technologies Limited	8,872,830	8,444,785
HCL Technologies South Africa (Proprietary) Limited	-	3,351,061
<b>Total</b>	<b>8,872,830</b>	<b>11,795,846</b>
<b>Investment in Subsidiaries</b>		
HCL South Africa Share Ownership Trust	17,236,800	17,236,800
<b>Total</b>	<b>17,236,800</b>	<b>17,236,800</b>
<b>Unbilled receivables from ultimate holding company and fellow Subsidiaries</b>		
HCL Technologies Limited	-	-
HCL Great Britain Limited	-	66,095
HCL Japan Limited	-	14,662
HCL Singapore Pte Limited	-	53,886
HCL Technologies Middle East FZ- LLC	-	50,321
<b>Total</b>	<b>-</b>	<b>184,964</b>

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

The sales to and purchase from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year-end are unsecured, interest free (except loan from parent company) and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2018, the company has not recorded any impairment of receivables relating to amounts owed by related parties.

**27 Retirement benefits**

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

**28 Capital management**

	31 March 2018 ZAR	31 March 2017 ZAR
Share capital	87,000,000	87,000,000
Accumulated profit	482,183,232	485,273,983
	<b>569,183,232</b>	<b>572,273,983</b>

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

**29 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.

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

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

Notes to the financial statements (Continued)

30 Financial 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	56,146,789	50,609,899	5,536,889
2019-20	25,872,156	24,477,762	1,394,394
2020-21	717,516	694,112	23,405
2021-22	175,051	164,068	10,983
2022-23	364,157	327,415	36,742
<b>Total</b>	<b>83,275,669</b>	<b>76,273,256</b>	<b>7,002,413</b>

31 March 2017

Year	Minimum Lease Rent Receivable	Present Value of Lease Rent Receivable	Interest Included in Lease Rent Receivable
2017-18	59,892,259	50,808,023	9,084,236
2018-19	66,135,924	59,850,650	6,285,274
2019-20	47,050,427	45,348,795	1,701,632
2020-21	480,434	473,173	7,261
<b>Total</b>	<b>173,559,044</b>	<b>156,480,641</b>	<b>17,078,403</b>