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

**Consolidated and separate Annual Financial Statements for the year ended 31 March 2020**

**Audited Annual financial statements in compliance with Companies Act of South Africa**

**General Information**

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

**General Information (Continued)**

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**Approval of Consolidated Annual Financial Statements**

The consolidated annual financial statements set out on pages 9 to 48 were approved by the board of directors on 9 September 2020.

Prateek Aggarwal

Sridharan S

**Prateek Aggarwal**
**Authorised Director**

**Sundaram Sridharan**
**Authorised Director**

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**Directors' Report of Anzospan Investments Pty Limited and its subsidiaries**

## 1. Directors' Responsibilities

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

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

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

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

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

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

The external auditors are responsible for independently reviewing and reporting on the consolidated annual financial statements. The consolidated annual financial statements have been examined by the group's external auditors and their report is presented on page 6, 7 and 8.

**Directors' Report (continued)**

## 2. Incorporation

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

## 3. Business and operations

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

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

## 4. Review of operations

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

Net loss of the group attributable to shareholder R (48,493,160) (2019 Profit: R 59,165,727)

Net profit of the company was R 477,409,729 (2019: R 31,429,871)

## 5. Going Concern

The group earned a loss for the period ended 31 March 2020 of R (48,493,160) as compared to profit in last year ended 31 March 2019 – R 59,165,727 and as at that date its total assets exceeded its total liabilities by R 461,057,616 (2019: R 641,289,664). In addition, current assets exceed current liabilities by R 154,015,577 (2019: R 392,755,923). The loss solely resulted from a once of Share Based Payment charge and does not impact the company's future profitability. The company earned a profit for the period ended 31 March 2020 of R 477,409,729 (2019: 31,429,871) and as at that date its total assets exceeded its total liabilities by R 334,115,389 (2019: 91,620,289). In addition, current assets exceed current liabilities by R 412,731 (2019: 1,645,288) Based on our current knowledge and available information, we do not expect COVID19 to have an impact on our ability to continue as a going concern in the future. Accordingly, the financial statements have been prepared on a going concern basis.

## 6. Share capital

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

During the year ended March 31, 2020, for attaining the shareholding requirement of 51.8% black ownership in HCL Technologies Pty Limited (operating entity), necessary restructuring took place wherein Axon Group Limited donated its 30% holding in Anzospan Investment Pty Limited and Anzospan Investment Pty Limited transferred its 48% shares held in HCL Technologies South Africa Pty Limited to Trusts created for the benefit of black people.

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

**Directors' Report (continued)**

### 7. Directors

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

| S.No | Name of Directors | Director Type | Date of Appointment |
|---|---|---|---|
| 1 | Raghu Raman Lakshmanan | Non-Executive | 15-03-2011 |
| 2 | Sundaram Sridharan | Non-Executive | 31-03-2016 |
| 3 | Prateek Aggarwal | Non-Executive | 26-10-2018 |
| 4 | Goutam Roungta | Non-Executive | 24-03-2011 |

### 8. Holding company

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

### 9. Dividends

Dividend of ZAR 199,915,572 and ZAR 34,999,157 was paid in April'19 and December'20 respectively to Axon Group Limited. There was nil dividend in the year ending 31 March 2019.

### 10. Auditors

KPMG were first appointed as auditor of the Company in 2020 upon the resignation of Ernst & Young. KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditor of the Company is to be proposed at the forthcoming annual general meeting of the Company.

### 11. Subsequent events

Apart from potential impacts of coronavirus Covid-19 which is given in Note 39 to the financial statements, no material fraud or circumstances has occurred between the accounting date and date of this report which significantly affect the financial position of the company or the results of its operations.

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# Independent Auditor's Report

## To the shareholders of Anzospan Investments (Pty) Ltd and its subsidiaries

## Report on the audit of the consolidated and separate financial statements

### *Opinion*

We have audited the consolidated and separate financial statements of Anzospan Investments (Pty) Ltd and its subsidiaries (the group and company) set out on pages 9 to 48, which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Anzospan Investments (Pty) Ltd and its subsidiaries as at 31 March 2020, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other matter

The consolidated and separate financial statements of the group and company as at and for the year ended 31 March 2019, were audited by another auditor who expressed an unmodified opinion on those consolidated and separate financial statements on 8 July 2019.

### *Other information*

The directors are responsible for the other information. The other information comprises the information included in the document titled "Anzospan Investments (Pty) Ltd and its subsidiaries Annual Financial Statements for the year ended 31 March 2020", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

### *Responsibilities of the directors for the consolidated and separate financial statements*

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

KPMG Inc.

Per N Jina
Chartered Accountant (SA)
Registered Auditor
Director
9 September 2020

## Statements of Comprehensive Income for the year ended 31 March 2020

| | Notes | Group March 20 R | Group March 19 R |
|---|---|---|---|
| Revenue | 2 | 990,003,834 | 857,938,058 |
| Cost of sales | 3 | (895,244,033) | (689,335,463) |
| **Gross Profit** | | **94,759,800** | **168,602,595** |
| Other income | 4 | 3,477,559 | 18,809,532 |
| Selling and distribution expenses | 3 | (61,999,838) | (51,326,320) |
| Administrative expenses | 3 | (51,773,675) | (53,321,028) |
| **Operating profit** | | **(15,536,154)** | **82,764,779** |
| Finance cost | 5 | (664,122) | (628,469) |
| **(Loss)/profit before taxation** | | **(16,200,276)** | **82,136,310** |
| Income tax | 6 | (32,292,884) | (22,970,583) |
| **(Loss)/profit after taxation** | | **(48,493,160)** | **59,165,727** |
| Other comprehensive income | | - | - |
| **Total comprehensive (loss)/income for the year** | | **(48,493,160)** | **59,165,727** |

| | Notes | Company March 2020 R | Company March 2019 R |
|---|---|---|---|
| Dividend Income | | 485,804,601 | 31,785,450 |
| Operating expenses | 7 | (8,130,304) | (259,886) |
| | | **477,674,297** | **31,525,564** |
| Other expenses | 8 | (206,101) | - |
| Operating profit | | 477,468,196 | 31,525,564 |
| Finance Expenses | 9 | (58,467) | (95,693) |
| Profit for the year | | 477,409,729 | 31,429,871 |
| Total comprehensive profit for the year | | 477,409,729 | 31,429,871 |

## Statement of Financial Position as at 31 March 2020

| | Notes | Group March 20 R | Group March 19 R |
|---|---|---|---|
| **Assets** | | | |
| **Non current Assets** | | | |
| Property , plant and equipment | 10 | 124,432,190 | 73,444,883 |
| Right-of-use assets | 27 | 714,342 | - |
| Intangible assets | 11 | 3,175,883 | 1,583,504 |
| Goodwill | 12 | 124,730,903 | 118,714,119 |
| Deferred contract cost-non current | 13 | 6,706,344 | 4,812 |
| Deferred tax assets (Net) | 14 | 6,373,428 | 2,949,668 |
| Finance lease receivables -non current | 15 | 39,249,521 | 42,759,676 |
| Other receivable | | 4,649,435 | 10,274,250 |
| | | **310,032,046** | **249,730,912** |
| **Current Assets** | | | |
| Cash and cash equivalents | 16 | 112,907,289 | 303,006,438 |
| Receivable from fellow subsidiaries | 17 | 19,013,155 | 18,374,831 |
| Inventory | 18 | 547,424 | 12,851,809 |
| Contract assets | | 251,853 | 1,374,334 |
| Unbilled revenue | 19 | 58,391,090 | 38,713,085 |
| Unbilled revenue from ultimate holding company and fellow subsidiaries | | - | 15,873 |
| Trade receivables | 20 | 237,150,984 | 168,199,556 |
| Other receivables | 20 | 36,014,602 | 35,866,762 |
| Finance lease receivables -current | 15 | 13,651,041 | 42,053,374 |
| Deferred contract cost-current | 13 | 19,307,183 | 17,256,832 |
| | | **497,234,620** | **637,712,894** |
| **Total Assets** | | **807,266,666** | **887,443,806** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Share capital | 21 | 61,440,099 | 61,439,999 |
| Share based payment reserve | 22 | 103,175,741 | - |
| Retained earnings | | 296,441,776 | 579,849,664 |
| | | **461,057,616** | **641,289,663** |
| **Liabilities** | | | |
| **Non Current Liabilities** | | | |
| Contract liabilities | 23 | 2,954,290 | 1,197,172 |
| Provisions | 24 | 35,718 | - |
| | | **2,990,008** | **1,197,172** |
| **Current Liabilities** | | | |
| Short term loans | 25 | 11,038,250 | 9,499,550 |
| Owed to ultimate holding company and fellow subsidiaries | 26 | 113,563,694 | 146,331,182 |
| Trade and other payables | 27 | 186,656,675 | 60,400,447 |
| Contract liabilities | 23 | 22,844,841 | 20,009,491 |
| Lease liability | 28 | 669,530 | - |
| Current tax payable | 29 | 1,596,388 | 1,985,195 |
| Provisions | 24 | 6,849,665 | 6,731,106 |
| | | **343,219,043** | **244,956,971** |
| **Total Equity and Liabilities** | | **807,266,666** | **887,443,806** |

## Statement of Financial Position as at 31 March 2020

| | Notes | Company March 2020 R | Company March 2019 R |
|---|---|---|---|
| **Assets** | | | |
| Investments | 30 | 394,353,395 | 89,975,000 |
| **Current Assets** | | | |
| Due from Group Companies | | 100 | - |
| Cash and cash equivalents | | 831,929 | 7,618,073 |
| **Total Assets** | | **395,185,424** | **97,593,073** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Share capital | 21 | 61,440,099 | 61,439,999 |
| Retained earnings | | 272,675,290 | 30,180,290 |
| | | **334,115,389** | **91,620,289** |
| **Liabilities** | | | |
| **Non Current Liabilities** | | | |
| Share based payment obligation | | 60,650,741 | - |
| | | **60,650,741** | **-** |
| **Current Liabilities** | | | |
| Loan from Group Company | | 189,972 | 5,942,320 |
| Trade and other payables | | 229,322 | 30,465 |
| | | **419,294** | **5,972,785** |
| **Total Equity and Liabilities** | | **395,185,424** | **97,593,074** |

**Statement of changes in equity for the year ended 31 March 2020**

| Group | Share Capital R | Share Based Payment Reserve R | Retained Earnings R | Total R |
|---|---|---|---|---|
| **Mar'2019** | | | | |
| Opening Balance as on 01 April 2018 | 62,003,184 | - | 534,767,052 | 596,770,236 |
| Total comprehensive lncome | - | - | 59,165,727 | 59,165,727 |
| Reduction in capital on account of consolidation | (563,185) | - | - | (563,185) |
| Elimination of opening retained earnings due to consolidation | - | - | (14,083,115) | (14,083,115) |
| **Balance at 31 March 2019** | **61,439,999** | **-** | **579,849,664** | **641,289,663** |
| **Mar'2020** | | | | |
| Opening Balance as on 01 April 2019 | 61,439,999 | - | 579,849,664 | 641,289,663 |
| Total comprehensive Expense | - | - | (48,493,160) | (48,493,160) |
| Dividend Paid | - | - | (234,914,729) | (234,914,729) |
| Issue of capital | 100 | - | - | 100 |
| Share based payment expense | - | 103,175,741 | - | 103,175,741 |
| **Balance at 31 March 2020** | **61,440,099** | **103,175,741** | **296,441,776** | **461,057,616** |

Note-1- Group has paid two interim divideds for the year 2019-20. Amount of dividend paid on 25-04-2019 at the rate of ZAR 5.34 per equity share of face value ZAR 1 each amounts to ZAR 199,915,572 and dividend paid on 09-12-2019 at the rate of ZAR 0.93 per equity share of face value ZAR 1 each amounts to ZAR 34,999,157.

**Statement of changes in equity for the year ended 31 March 2020**

| Company | Share Capital R | Retained Earnings R | Total R |
|---|---|---|---|
| **Mar'2019** | | | |
| Opening Balance as on 01 April 2018 | 89,999,999 | (1,249,581) | 88,750,418 |
| Buy back of shares | (28,560,000) | - | (28,560,000) |
| Total comprehensive profit | - | 31,429,871 | 31,429,871 |
| **Balance at 31 March 2019** | **61,439,999** | **30,180,290** | **91,620,289** |
| **Mar'2020** | | | |
| Opening Balance as on 01 April 2019 | 61,439,999 | 30,180,290 | 91,620,289 |
| Issue of capital | 100 | - | 100 |
| Total comprehensive profit | - | 477,409,729 | 477,409,729 |
| Dividend Paid | - | (234,914,729) | (234,914,729) |
| **Balance at 31 March 2020** | **61,440,099** | **272,675,290** | **334,115,388** |

Note-1- Company has paid two interim divided for the year 2019-20. Amount of dividend paid on 25-04-2019 at the rate of ZAR 5.34 per equity share of face value ZAR 1 each amounts to ZAR 199,915,572 and dividend paid on 09-12-2019 at the rate of ZAR 0.93 per equity share of face value ZAR 1 each amounts to ZAR 34,999,157.

## Statement of cash flows for the year ended 31 March 2020

| | Note | Group March 2020 R | Group March 2019 R |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit/(Loss) before tax | | (16,200,276) | 82,136,310 |
| **Adjusted for :** | | | |
| Depreciation and amortization | | 21,442,339 | 13,913,776 |
| Depreciation for right of use asset | | 575,823 | - |
| Gain on control | | 1,332,614 | (14,083,115) |
| Interest income | | (8,147,758) | (20,329,785) |
| Provision for bad debts written back | | 2,154,031 | (280,408) |
| Loss on sale of fixed assets | | 15,199 | 5,977 |
| Share based payment charge | | 103,175,741 | - |
| Interest expenses | | 445,132 | 419,725 |
| **Cash inflows before working capital changes** | | **104,792,845** | **61,782,480** |
| | | | |
| **Movement in working capital changes** | | | |
| (Increase) in trade and other receivables | | (72,502,073) | (85,356,542) |
| (Increase) in Deferred cost-current and non current | | (8,751,883) | (7,046,755) |
| Decrease in Finance lease receivables -current and non current | | 31,912,488 | (8,378,806) |
| Increase/(Decrease) in current liabilities | | 95,749,105 | (61,066,050) |
| Increase/(Decrease) in deferred revenue | | 1,757,119 | (3,144,829) |
| **Cash flow from/(used in) from operations** | | **152,957,601** | **(103,210,502)** |
| Income tax paid | | (37,067,877) | (25,921,831) |
| **Net cash inflow/(outflow) from operating activities** | | **115,889,724** | **(129,132,333)** |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchase of fixed assets | | (70,582,745) | (66,728,337) |
| Payment on account of business combination | | (8,508,838) | - |
| Discount on buy back | | - | (563,185) |
| Interest income | | 6,815,144 | 20,329,785 |
| **Net cash used in investing activites** | | **(72,276,439)** | **(46,961,737)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Payment of lease liabilities | | (620,635) | - |
| Proceeds from issue of share capital | | 100 | - |
| Loan taken, net of repayment | | 1,538,700 | 1,185,100 |
| Dividend Paid | | (234,914,729) | - |
| Interest paid | | 284,130 | (3,125,547) |
| **Net cash usd in financing activites** | | **(233,712,434)** | **(1,940,447)** |
| | | | |
| Net Decrease in cash and cash equivalents | | (190,099,149) | (178,034,518) |
| Cash and cash equivalents at the beginning of the year | | 303,006,438 | 481,040,956 |
| Cash and cash equivalents at the end of the year | 16 | **112,907,289** | **303,006,438** |

## Statement of cash flows for the year ended 31 March 2020

| | Company March 2020 | Company March 2019 |
|---|---|---|
| | R | R |
| **Cash flows from operating activities** | | |
| **Profit after tax** | 477,409,729 | 31,429,871 |
| Decrease/(Increase) in trade payables | 198,858 | (2,778) |
| (Increase)/Decrease in trade receivables | (100) | 100,000 |
| Loss on sale of investment | 7,151,517 | - |
| Interest expense | (4,752,348) | (10,000) |
| Dividend Income | (485,804,601) | (31,785,450) |
| **Net cash used in operating activities** | **(5,796,945)** | **(268,357)** |
| **Cash flows from investing activities** | | |
| Proceeds from sale of investment | 200 | - |
| Dividend Income | 234,925,230 | 31,785,450 |
| **Net cash inflow from investing activites** | **234,925,430** | **31,785,450** |
| **Cash flows from financing activities** | | |
| Loan repayment | (1,000,000) | - |
| Proceeds from issue of share capital | 100 | - |
| Buyback of shares | - | (28,560,000) |
| Dividend Paid | (234,914,729) | - |
| **Net cash used in financing activites** | **(235,914,629)** | **(28,560,000)** |
| **Total cash movement for the year** | **(6,786,144)** | **2,957,093** |
| Cash and cash equivalents at the beginning of the year | 7,618,073 | 4,660,980 |
| Cash and cash equivalents at the end of the year | **831,929** | **7,618,073** |

## Accounting policies

### 1 Summary of significant accounting policies

### 1.1 Presentation of Consolidated Annual Financial Statements

The consolidated annual financial statements have been prepared in accordance with the International Financial Reporting Standards and the Companies Act, of South Africa. The consolidated annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. The group's financial statements are presented in South African Rand (ZAR), which is also its functional currency

### 1.2 Basis of consolidation

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

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

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

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

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

### 1.3 Property, plant and equipment

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

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

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

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

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

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

**Accounting policies (Continued)**

**1.3 Property, plant and equipment(continued)**

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

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

**1.4 Tax**

**Current tax**

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

**Deferred Tax**

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

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

**1.5 Leases**

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

**Group as a lessee**

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

Effective 1 April 2019, all leases with a term of more than 12 months are recognized as right-of-use assets along with associated lease liabilities, in the balance sheet.

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

**Accounting policies (Continued)**

**1.5 Leases (Continued)**

**Group as lessee (continued)**

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

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

**Group as a lessor**

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

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

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

**Transition to IFRS 16**

International Accounting Standards Board (IASB) has issued IFRS 16 Leases in January 2016 and applies to annual period beginning on or after 1 January 2019. IFRS 16 has replaced the existing lease standard, IAS 17 Leases and other interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors.

**Accounting policies (Continued)**

**1.5 Leases (Continued)**

**Transition to IFRS 16 (continued)**

The group has adopted IFRS 16, effective 1 April 2019 using the modified retrospective approach which involves recognizing new right-of-use assets and lease liabilities on its balance sheet. Comparative information has not been adjusted and continues to be reported under IAS 17. As a result of the group's adoption of this new standard, all leases are recorded on the balance sheet. The group has also elected the practical expedients, not to reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs. The group has used a single discount rate to a portfolio of leases with reasonably similar characteristics. The group has elected the lessee practical expedient to combine lease and non-lease components and account for the combined unit as a single lease component in case there is no separate payment defined under the contract, and to use the recognition exemption for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ("short-term leases").

As a result of adoption of IFRS 16, the group recognized additional lease liabilities of ZAR 2,371,522 and right-of- use assets of ZAR 2,258,391 as on 1 April 2019.

The difference between the lease obligations (operating lease commitments) disclosed as of March 31, 2019 under IAS 17 and the value of the lease liabilities as of April 1, 2019 is primarily on account of discounting the lease liabilities to the present value in accordance with IFRS 16. The weighted average incremental borrowing rate of 3.5% has been applied to lease liabilities recognized in the balance sheet at the date of initial application, in respect of leases classified as operating leases as per IAS 17.

The following table summarize the impact of the group 's adoption of IFRS 16 on its statement of financial position as of 1 April 2019

| | **As reported 31 March 201** | **Adoption of IFRS 1** | **Balance as on 1 April 201** |
|---|---|---|---|
| Other Payables | (23,938,918) | 122,552 | (23,816,366) |
| Right-of-use assets | - | 2,248,970 | 2,248,970 |
| Lease Liability | - | 2,371,522 | 2,371,522 |

**1.6 Intangible assets**

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

**Accounting policies (Continued)**

**1.6 Intangible assets (continued)**

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

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

The following are the finite lives of the intangible assets in the group.

| Category | Finite lives |
|---|---|
| Customer Relationship | 10 years |
| Software Application | 3 years |

**1.7 Business combinations and goodwill**

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that
is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

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

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

**Accounting policies (continued)**

**1.8 Financial instruments**

Financial assets

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

*Cash and cash equivalents*

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

*Financial assets at amortized cost*

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

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

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

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

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

**Accounting policies (continued)**

**1.8 Financial instruments (continued)**

*Financial assets at Fair Value through Profit and Loss*

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

*Equity investments*

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

*Derecognition of financial assets*

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

*Impairment of financial assets*

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

Financial liabilities

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

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

*Financial liabilities at fair value through profit or loss*

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

*Financial liabilities at amortized cost*

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

**Accounting policies (continued)**

**1.9 Financial instruments (continued)**

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

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

*Derecognition*

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

*Offsetting of financial instruments*

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

**1.9 Provisions**

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

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

**1.10 Foreign currencies**

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

**1.11 Revenue recognition**

<u>Revenue from contracts with customers</u>

Revenue from contracts with customers is recognised when the control of goods or services is transferred to the customers, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to be that which the Group will be entitled in exchange for transferring the goods or services to the customer. The

**Accounting policies (continued)**

### 1.11 Revenue recognition (continued)

variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Revenue from the sale of goods is recognised on the transfer of the significant risks and rewards of ownership, which generally, coincides with the time of delivery of goods.

Revenue from sale of services is recognised when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of returns and discounts.

Other income

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

**Contract balances**

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

### 1.12 Retirement benefits

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

**Accounting policies (continued)**

### 1.13 Investments

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

### 1.14 Fair value measurement

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

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

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

### 1.15 Impairment

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

**Accounting policies (continued)**

**1.15 Impairment (continued)**

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

Impairment losses of continuing operations are recognised in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset, except
for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

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

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

**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.

**Accounting policies (continued)**

### 1.16 Inventories

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

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

### 1.17 Value Added Tax

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

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

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

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

### 1.18 Cash and Cash Equivalents

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

### 1.19 Equity instruments

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

### 1.20 Equity settled Share based payment

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

### 1.21 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.

**Accounting policies (Continued)**

### 1.21 Significant accounting judgements and estimates (continued)

**Estimation uncertainty**

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

**Depreciation rates**

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

**Trade accounts receivable**

The impairment provisions for trade receivables and other receivables are based on assumptions about expected credit losses. The Company uses judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is outstanding as well as the Company's historical experience and forward-looking information at the end of each reporting period. Changes in these assumptions and estimates could materially affect the results of the assessment and it may be necessary to make an additional impairment charge to profit or loss.

**Recovery of deferred tax assets**

Deferred tax assets are recognized for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilize those temporary differences. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies.

**Impairment of goodwill**

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

### 1.22 Cost of Sales

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

### 1.23 Deferred contract costs

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

**Accounting policies (continued)**

### 1.24 New Standards and Interpretations

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

**Changes in accounting policy and disclosures**

The Group applied IFRS 16 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in the current fiscal year 2019-20, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

**IFRS 16 Leases**

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

**Definition of a lease**

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRS INT 4 Determining whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in IFRS 16.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRS INT 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 April 2019.

**As a lessee**

As a lessee, the Group leases many assets including property, production equipment and IT equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

**Leases classified as operating leases under IAS 17**

Previously, the Group classified property leases and IT equipment as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments,

**Accounting policies (continued)**

**1.24 New Standards and Interpretations (continued)**

discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 April 2019. Right-of-use assets are measured at either:

i.) Their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the applicable incremental borrowing rates at the date of initial application: The Group applied this approach to its largest property lease; or

ii.) An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: The Group applied this approach to all other leases.

**Leases classified as finance leases under IAS 17**

The Group leases a number of items of production equipment. These leases were classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of use asset and the lease liability at 1 April 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

**Impact on financial statements**

**Impact on transition***

As a result of adoption of IFRS 16, the Group recognized additional lease liabilities of ZAR 2,371,522 and right-of- use assets of ZAR 2,258,391 as on 1 April 2019.

The difference between the lease obligations (operating lease commitments) disclosed as of March 31, 2019 under IAS 17 and the value of the lease liabilities as of April 1, 2019 is primarily on account of discounting the lease liabilities to the present value in accordance with IFRS 16. The weighted average incremental borrowing rate of 3.5% has been applied to lease liabilities recognized in the balance sheet at the date of initial application, in respect of leases classified as operating leases as per IAS 17.

| | **1 April 2019**<br>**R** |
|---|---|
| Right-of-use assets – property, plant and equipment | 2,248,970 |
| Lease liabilities | 2,371,522 |
| Other payables and accruals | 122,552 |

**Accounting policies (continued)**

**1.24 New Standards and Interpretations (continued)**

**Standards and interpretations not yet effectives**

Up to the date of issue of these financial statements, the International Accounting Standards Board (IABS) has issued a number of amendments and a new standard, which are not yet effective for the year ended 31 March 2020 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

| | Effective for accounting periods beginning on or after |
|---|---|
| Amendments to References to Conceptual Framework in IFRS Standards | 1 April 2020 |
| Definition of a Business (Amendments to IFRS 3) | 1 April 2020 |
| Classification of liabilities as current or non-current (Amendments to IAS 1) | 1 April 2020 |

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

**Notes to the Consolidated Annual Financial Statements**

| | | Group March 2020 R | Group March 2019 R |
|---|---|---|---|
| 2 | **Revenue from contract with customers** | | |
| | **Total revenue comprise:** | | |
| | Service Income | 889,060,641 | 776,776,579 |
| | Sale of goods* | 75,618,072 | 19,013,173 |
| | Sale under capital lease | 18,363,707 | 55,467,972 |
| | Sale income on leased assets | 6,961,414 | 6,680,334 |
| | | **990,003,834** | **857,938,058** |
| | *Sale of goods comprises of sale of IT hardware items to customers | | |
| | **Timing of revenue recognition** | | |
| | Goods transferred at a point in time | 100,943,193 | 81,161,479 |
| | Services transferred over time | 889,060,641 | 776,776,579 |
| | **Total revenue from contract with customers** | **990,003,834** | **857,938,058** |
| 3 | **The group's profit before tax is arrived at after charging:** | | |
| | Depreciation on plant and equipment | 19,580,238 | 11,536,789 |
| | Depreciation on right-of-use assets | 1,165,178 | - |
| | Amortization of intangibles assets | 1,862,102 | 2,376,987 |
| | Operating lease expenses | 277,167 | 1,477,989 |
| | Auditor's remuneration | 431,452 | 205,354 |
| | Consulting charges | 437,338,951 | 377,840,933 |
| | Cost of good sold | 73,138,479 | 62,309,663 |
| | Share based payment expense | 103,175,741 | - |
| | Loss on sale of Capital Assets | 15,199 | 5,977 |
| | Other Cost | 189,088,551 | 169,306,727 |
| | **Employee benefits** | | |
| | Salaries | 180,049,211 | 166,558,026 |
| | Bonus | 1,957,654 | 972,309 |
| | Pension costs- defined contribution plan | 937,624 | 1,392,057 |
| | | **1,009,017,547** | **793,982,811** |
| 4 | **Other income** | | |
| | Exchange gain/(loss), net | (4,670,199) | (1,520,253) |
| | Gain on control | 1,332,614 | - |
| | Interest income | 6,815,144 | 20,329,785 |
| | | **3,477,559** | **18,809,532** |
| 5 | **Finance expense** | | |
| | **Interest paid** | | |
| | Interest on short term loan | 383,617 | 419,725 |
| | Cash credit from bank | - | 881 |
| | Interest expense on lease liability | 61,516 | - |
| | Fair value changes on liabilities carried at fair value through profit and loss | 79,664 | - |
| | Bank charges | 139,325 | 207,863 |
| | | **664,122** | **628,469** |
| 6 | **Taxation** | | |
| | Current tax | 36,679,069 | 23,907,150 |
| | Deferred tax | (4,386,185) | (936,567) |
| | | **32,292,884** | **22,970,583** |
| | Accounting profit/(loss) before income tax | (16,200,276) | 82,136,310 |
| | Statutory income tax | (4,406,321) | 23,097,728 |
| | Adjustments in respect of current income tax of previous years | 5,188,454 | (507,707) |
| | Adjustments in respect of deferred income tax of previous years | (362,814) | 710,944 |
| | Non-deductible expenses for tax purposes | 29,374,223 | 665 |
| | Tax on interest income for tax purposes: | (886) | (412,124) |
| | Others | 2,500,228 | 81,077 |
| | At the effects income tax rate | 32,292,884 | 22,970,583 |
| | Income tax expenses reported in the statement of profit or loss | **(32,292,884)** | **22,970,583** |

**Notes to the Consolidated Annual Financial Statements (continued)**

| | Company March 2020 R | Company March 2019 R |
|---|---|---|
| **7 Operating Expenses** | | |
| Professional Charges | 578,787 | 259,886 |
| Loss on sale of investment | 7,151,517 | - |
| Other expenses | 400,000 | - |
| | **8,130,304** | **259,886** |
| **8 Other expenses** | | |
| Exchange gain/(loss), net | (206,101) | - |
| | **(206,101)** | **-** |
| **9 Finance costs** | 58,467 | 95,693 |
| Bank Charges | **58,467** | **95,693** |

**10 Property, plant and equipment (Group)**

| | Computer equipment (R) | Plant & Machinery (R) | Office equipment (R) | Furniture & fittings (R) | Under construction (R) | Total (R) |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| **At March 31, 2018** | **29,266,269** | **221,400** | **731,797** | **1,775,917** | **265,078** | **32,260,461** |
| Additions | 63,079,518 | - | - | 539,158 | 1,617,521 | 65,236,197 |
| Retirement | (10,340) | - | - | - | - | (10,340) |
| **At March 31, 2019** | **92,335,447** | **221,400** | **731,797** | **2,315,075** | **1,882,599** | **97,486,318** |
| Additions | 6,756,947 | - | 380,272 | - | 63,445,525 | 70,582,745 |
| Retirement | (1,276,081) | - | - | - | - | (1,276,081) |
| **At March 31, 2020** | **97,816,313** | **221,400** | **1,112,069** | **2,315,075** | **65,328,123** | **166,792,982** |
| **Accumulated depreciation** | | | | | | |
| **At March 31, 2018** | **10,335,955** | **64,418** | **720,510** | **1,388,126** | **-** | **12,509,009** |
| Depreciation charge for the year | 11,298,424 | 22,140 | 11,287 | 204,938 | - | 11,536,789 |
| Retirement | (4,363) | - | - | - | - | (4,363) |
| **At March 31, 2019** | **21,630,016** | **86,558** | **731,797** | **1,593,064** | **-** | **24,041,435** |
| Depreciation charge for the year | **19,265,014** | **22,140** | **36,143** | **256,941** | **-** | 19,580,238 |
| Retirement | **(1,260,882)** | **-** | **-** | **-** | **-** | (1,260,882) |
| **At March 31, 2020** | **39,634,148** | **108,698** | **767,940** | **1,850,005** | **-** | **42,360,792** |
| **Net book value** | | | | | | |
| **At March 31, 2020** | **58,182,164** | **112,702** | **344,129** | **465,070** | **65,328,123** | **124,432,190** |
| **At March 31, 2019** | **70,705,431** | **134,842** | **-** | **722,011** | **1,882,599** | **73,444,883** |

| **Intangible Assets (Group)** | Customer relationship (R) | Software-Application (R) | Total (R) |
|---|---|---|---|
| **At March 31, 2018** | **17,375,385** | **1,632,230** | **19,778,643** |
| Additions | - | 1,492,140 | 1,492,140 |
| **At March 31, 2019** | **17,375,385** | **3,124,370** | **21,270,783** |
| Additions | 3,437,235 | 17,245 | 3,454,480 |
| **At March 31, 2020** | **20,812,620** | **3,141,615** | **24,725,263** |
| **Accumulated Amortisation** | | | |
| **At March 31, 2018** | **(15,058,667)** | **(1,480,597)** | **(17,310,292)** |
| Amortisation charge for the year | (1,737,538) | (639,449) | (2,376,987) |
| **At March 31, 2019** | **(16,796,205)** | **(2,120,046)** | **(19,687,279)** |
| Amortisation charge for the year | (840,533) | (1,021,569) | (1,862,102) |
| **At March 31, 2020** | **(17,636,738)** | **(3,141,615)** | **(21,549,381)** |
| **Net Book Value** | | | |
| **At March 31, 2020** | **3,175,883** | **-** | **3,175,883** |
| **At March 31, 2019** | **579,180** | **1,004,324** | **1,583,504** |
| **Remaining Amortisation Period** | **10.25 years** | | |

The gross carrying amount of fully depreciated property plant equipment & intangible that is still in use as at 31 March 2020 is ZAR 7,461,259.

**Notes to the Consolidated Annual Financial Statements (continued)**

| | Group March 2020 R | Group March 2019 R |
|---|---|---|
| **12 Goodwill** | | |
| Opening balance | 118,714,119 | 118,714,119 |
| Goodwill arising from business combinations | 5,054,358 | - |
| Deferred tax | 962,426 | - |
| | **124,730,903** | **118,714,119** |

On 7 Dec'18, HCL Group had signed a definitive agreement to acquire business relating to select IBM software products, the acquisition though has been consummated effective 30 Jun '19.

The HCL Group has acquired these products for security, marketing, commerce, and digital solutions along with certain assumed liabilities and in scope employees. With this HCL Group gets 100% control on the assets being acquired and has also taken full ownership of the research and development, sales, marketing, delivery and support for these products. Through this acquisition, the HCL Group intends to enhance its products and platforms offering to customers across a wide range of industries and markets. IBM will pay the Company for the assumed liabilities as related services are rendered, based on an agreed basis.

The Company recorded a total liability of ZAR 9,887,484 including withholding taxes amounting to ZAR 1,289,672. ZAR 5,588,578 has been paid by company during the year in June'19.

Rest remains a liability of ZAR 4,298,906 is payable after one-year end as per the agreement. These payables have been fair valued at initial recognition. At the year end the amount is again fair valued at ZAR 4,272,352 and the difference of ZAR 26,555 is booked as interest expense.

The resultant goodwill is considered non tax deductible and has been allocated to the CGU of the Company. This goodwill is attributable mainly to Company's ability to upgrade the products and enhance the sale of products to customers in existing business of the Company and targeting new customers.

The table below shows the values and lives of intangible assets recognized on acquisition:

| Asset description | Amount (ZAR) | Life (Years) | Basis of amortization |
|---|---|---|---|
| Customer relationships | 3,437,235 | 10 | In proportion of estimated revenue |
| Goodwill | 6,016,784 | - | - |

Impairment testing for cash generating units ("CGU") containing goodwill
For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

| | | |
|---|---|---|
| The aggregate carrying amounts of goodwill allocated | 124,730,903 | 118,714,119 |
| | **124,730,903** | **118,714,119** |

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

i.) Cash flows were projected based on the financial year ended 31 March 2020 actual operating results and the Company's 5-years business plan, with average net margin applied of 9% (2019: 9%) per annum for the years 2020 to 2024.

ii.) The terminal value was estimated using the perpetuity growth model, with a weighted average growth rate to perpetuity of 2% (2019: 2%).

iii.) A pre-tax discount rate of 8% (2019: 8%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on an industry average weighted average cost of capital.

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

| | Group March 2020 R | Group March 2019 R |
|---|---|---|
| **13 Deferred Contract Cost** | | |
| **Non Current** | | |
| Deferred Contract Cost - group (refer note 34 (d)) | 464,552 | - |
| Deferred Contract Cost - Non group | 6,241,792 | - |
| | **6,706,344** | **-** |
| **Currect** | | |
| Deferred contract cost-Group (refer note 34 (d)) | 17,817,436 | 16,658,237 |
| Deferred contract cost- Non Group | 1,489,747 | 598,595 |
| | **19,307,183** | **17,256,832** |
| | **26,013,527** | **17,256,832** |

| | Group March 2020 R | Group March 2019 R |
|---|---|---|
| **14 Deferred taxation** | | |
| Deferred tax liabilities | (6,244,749) | (8,510,710) |
| Deferred tax assets | 12,618,177 | 11,460,378 |
| | **6,373,428** | **2,949,668** |

| | Statement of Financial Position 31 March 2020 | Statement of Financial Position 31 March 2019 | Statement of Comprehensive Income 31 March 2020 | Statement of Comprehensive Income 31 March 2019 |
|---|---|---|---|---|
| Intangible assets | - | - | - | 648,681 |
| Obsolete Inventory | 765,398 | 70,830 | (694,568) | 70,830 |
| Contract liability / Deferred contract cost (Net) | 7,194,522 | 7,907,006 | 712,484 | 4,749,733 |
| Bonus provision | 1,133,949 | 1,155,137 | 21,188 | (79,340) |
| Other current assets | 812,652 | 115,886 | (696,765) | 115,886 |
| Leave pay provision | 767,656 | 729,780 | (37,876) | (22,684) |
| Bad debts provision | - | - | - | (1,540,622) |
| Provision for doubtful debts | 1,934,083 | 1,447,992 | (486,091) | 1,481,737 |
| Other provisions | 9,916 | - | (9,916) | (115,887) |
| Net Prepayment | (743,274) | (3,121,470) | (2,378,196) | (2,700,828) |
| IPR amortization cost | (889,247) | (138,180) | (235,348) | (162,170) |
| Leases | (4,612,228) | (5,217,314) | (605,085) | (1,508,768) |
| **Deferred tax benefit / (expense)** | **-** | **-** | **(4,410,173)** | **936,568** |
| **Net deferred tax assets / (liabilities)** | **6,373,428** | **2,949,668** | | **-** |

**Notes to the Consolidated Annual Financial Statements (continued)**

| | Group March 2020 R | Group March 2019 R |
|---|---|---|
| **14 Deferred taxation (continued)** | | |
| Reconciliation of deferred tax assets, net | | |
| **As of 1 April 2019** | 2,925,677 | 2,013,100 |
| Intangibles in relation to Acquisition | (962,422) | - |
| Tax income (expense) during the year recognized in profit and loss | 4,410,173 | (936,568) |
| **As at 31 March 2020** | **6,373,428** | **2,949,668** |

**15 Financial Lease**

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

**2020**

| Year | Minimum Lease Rent Receivable | Present Value of Lease Rent Receivable | Interest Included in Lease Rent Receivable |
|---|---|---|---|
| 2020-21 | 17,958,626 | 13,651,041 | 4,307,586 |
| 2021-22 | 17,124,608 | 13,956,380 | 3,168,228 |
| 2022-23 | 16,543,930 | 14,697,438 | 1,846,492 |
| 2023-24 | 10,900,681 | 10,476,243 | 424,437 |
| 2024-25 | 128,775 | 119,459 | 9,316 |
| **Total** | **62,656,620** | **52,900,561** | **9,756,059** |

**2019**

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

| | Group March 2020 R | Group March 2019 R |
|---|---|---|
| **16 Cash and cash equivalents** | | |
| Cash at Bank | 65,907,289 | 53,006,438 |
| Term Deposit | 47,000,000 | 250,000,000 |
| | **112,907,289** | **303,006,438** |

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.

| | Group March 2020 R | Group March 2019 R |
|---|---|---|
| **17 Receivable from fellow subsidiaries** | | |
| Trade Receivable-group (refer note 34 (d)) | 18,724,824 | 16,802,094 |
| Other Receivable-group (refer note 34 (d)) | 288,331 | 1,572,737 |
| | **19,013,155** | **18,374,831** |

Trade receivables from group companies are generally non-interest bearing and are generally on 60 to 90 day terms.

| | Group March 2020 R | Group March 2019 R |
|---|---|---|
| **18 Inventory** | | |
| Inventory in hand | 3,461,798 | 13,104,774 |
| Less: Provision for inventory | (2,914,374) | (252,965) |
| | **547,424** | **12,851,809** |

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

| | Group March 2020 R | Group March 2019 R |
|---|---|---|
| **19 Unbilled Receivables** | | |
| Unbilled Receivables | 58,828,629 | 38,930,835 |
| Accrued Revenue | (437,539) | (217,750) |
| | **58,391,090** | **38,713,085** |
| **20 Trade receivables** | | |
| Trade receivables | 246,360,903 | 175,255,444 |
| Less: Provision for doubtful debt | (9,209,919) | (7,055,888) |
| | **237,150,984** | **168,199,556** |
| **Other Receivables** | | |
| Sundry receivables and deposit | 38,916,930 | 36,280,643 |
| Less: Provision for other current assets | (2,902,328) | (413,881) |
| | **36,014,602** | **35,866,762** |

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

**As at March 31, 2020 the ageing analysis of trade receivables is as follows:**

| Total | Neither past due nor impaired (up to 30 days) | Past due but not impaired | | |
|---|---|---|---|---|
| | | 31-60 Days | 61-180 Days | 180> Days |
| 237,150,984 | 148,570,522 | 59,146,995 | 14,611,407 | 14,822,060 |

**As at 31 March 2020**

| | Current | Upto 6 months past due | Over 6 months past due | Total |
|---|---|---|---|---|
| Expected credit loss rate (%) | 0.44 | 1.38 | 50.43 | **3.76** |
| Gross carrying amount (ZAR) | 157,421,292 | 72,807,073 | 14,900,883 | **245,129,248** |
| Expected credit loss (ZAR) | 690,613 | 1,005,328 | 7,513,979 | **9,209,919** |

**Notes to the Consolidated Annual Financial Statements (continued)**

| | Group March 2020 R | Group March 2019 R |
|---|---|---|

**20 Trade receivables (continued)**

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

| Total | Neither past due nor impaired (up to 30 days) | Past due but not impaired | | |
|---|---|---|---|---|
| | | 31-60 Days | 61-180 Days | 180> Days |
| 168,199,556 | 153,402,565 | 4,294,590 | 5,968,250 | 4,534,151 |

**As at 31 March 2019**

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

**21 Share capital**

| | Group March 2020 R | Group March 2019 R |
|---|---|---|
| **Authorised capital** | | |
| 40,000,000 each Class A and Class B ordinary no par value shares (2019 : 40,000,000 ordinary no par value shares) | 62,003,184 | 62,003,184 |
| **Issued** | | |
| 26,215,000 Class A and 11,235,000 Class B no par value shares (2019: 11,234,999 ordinary no par value shares) | 61,440,099 | 61,439,999 |

**22 Share Based Payment Reserve**

| | Group March 2020 R | Group March 2019 R |
|---|---|---|
| Share Based Payment Reserve | **103,175,741** | **-** |

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

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

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

| | |
|---|---|
| Valuation date | 31 January 2020 |
| Settlement date | 31 March 2025 |
| Call option exercise date | 31 March 2037 |
| Annual dividend yield | 10% |
| Interest Rate | 10.75% |
| Equity value of operating company | ZAR 405 M |

**23 Contract liability**

| | Group March 2020 R | Group March 2019 R |
|---|---|---|
| Current | 22,844,841 | 20,009,491 |
| Non-Current | 2,954,290 | 1,197,173 |
| | **21,206,663** | **21,206,663** |

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

**24 Provisions**

| | Group March 2020 R | Group March 2019 R |
|---|---|---|
| **Current** | | |
| Bonus | 4,126,360 | 4,125,491 |
| Leave encashment | 2,741,629 | 2,606,359 |
| Provision for LD/SLA Violation | (18,324) | (744) |
| | **6,849,665** | **6,731,106** |
| **Non Current** | | |
| Bonus | 35,718 | |
| | **35,718** | **-** |

| **Movement of provisions** | **Leave encashment** | **Bonus** | **LD/SLA Violation** | **Total** |
|---|---|---|---|---|
| Opening | 2,606,358 | 4,125,491 | (744) | 6,731,104 |
| Charge during the year | 135,271 | 4,511,810 | - | 4,647,081 |
| Payout during the year/reevrsal of provisions | - | (4,510,941) | (17,580) | (4,528,521) |
| Closing Balance | **2,741,629** | **4,126,360** | **(18,324)** | **6,849,665** |

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.

**25 Short Term Loans**

| | Group March 2020 R | Group March 2019 R |
|---|---|---|
| Loan from fellow subsidiaries (refer note 34 (d)) | 11,038,250 | 9,499,550 |
| | **11,038,250** | **9,499,550** |

The Company entered into unsecured short-term loan facility agreement with Axon Solutions Limited in amount of GBP 500,000. This loan intended for the Company working capital and will be payable on demand with interest of LIBOR rate + 200 bps per annum.

**26 Owed to ultimate holding & fellow subsidaries**

| | Group March 2020 R | Group March 2019 R |
|---|---|---|
| Interest (refer note 34 (d)) | 2,468,286 | 1,739,024 |
| Accrued expenses (refer note 34 (d)) | 5,278,221 | 24,792,629 |
| Payables (refer note 34 (d)) | 105,817,186 | 119,799,529 |
| | **113,563,694** | **146,331,182** |

The trade payable are non-interest bearing and are normally settled in 60 to 90 days terms.

**Notes to the Consolidated Annual Financial Statements (continued)**

| | Group March 2020 R | Group March 2019 R |
|---|---|---|
| **27 Trade and other payables** | | |
| Trade payables | 137,802,481 | 16,544,138 |
| Accruals | 7,483,117 | 932,456 |
| VAT Payable | 22,711,682 | 13,123,557 |
| Other payables | 18,659,396 | 29,800,296 |
| | **186,656,675** | **60,400,447** |

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

**28 Lease and Right-of-use assets**

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

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

Building

| | Group March 2020 R | Group March 2019 R |
|---|---|---|
| **At 01 April 2019** | **-** | **-** |
| Transition impact of IFRS 16 | 2,248,970 | - |
| Additions | - | - |
| Disposal | (384,384) | |
| Charges for the year | (1,150,244) | - |
| **At March 31, 2020** | **714,342** | **-** |

The reconciliation of lease liabilities is as follows:

| | Group March 2020 R | Group March 2019 R |
|---|---|---|
| **At 01 April 2019** | **-** | **-** |
| Transition Impact of IFRS 16 | 2,371,522 | - |
| Additions | - | - |
| Amounts recognized in statement of comprehensive income as interest expense | 61,516 | - |
| Payment of lease liability | (1,212,268) | - |
| Disposals/terminations | (551,240) | - |
| **At March 31, 2020** | **669,530** | **-** |

The following table presents a maturity analysis of expected undiscounted cash flows for lease liabilities as on 31 March 2020:

| **Particulars** | Group March 2020 R | Group March 2019 R |
|---|---|---|
| Not later than one year | 680,458 | - |
| Between one and three years | - | - |
| **Total Lease Payments** | **680,458** | **-** |
| Imputed Interest | 10,928 | - |
| **Total Lease Liabilities** | **669,530** | **-** |

| | Group March 2020 R | Group March 2019 R |
|---|---|---|
| **29 Current tax payable** | | |
| Advance Tax | (27,394,930) | (63,987,390) |
| Income Tax Provisions | 28,991,318 | 65,972,585 |
| | **1,596,388** | **1,985,195** |

| | Company March 2020 R | Company March 2019 R |
|---|---|---|
| **30 Investment in subsidiaries** | | |
| **Share at cost** | | |
| 35% (2019: 100%) interest in issued share capital of HCL Technologies Pty Ltd. (formerly known as HCL Axon P | 30,450,000 | 87,000,000 |
| 52% (2019:100%) interest in issued Class A share capital of HCL Technologies South Africa Pty Limited** | 363,903,395 | 2,975,000 |
| | **394,353,395** | **89,975,000** |

*During the year, company has transferred 65% of its holding in HCL Technologies Pty Ltd. to HCL Technologies South Africa Pty Limited. The purhcase consideration was settled by HCL Technologies South Africa Pty limited by issue of 3,224,000 Class A and 1,000 Class B, no par value shares.

**During the year, existing 2,975,000 shares held by company in HCL Technologies South Africa Pty Limited were converted into Class B shares. The company has transferred 24% each of its holding i.e. 1,488,000 each Class B no par value shares in HCL Technologies South Africa Pty Limited to HCL BEE Trust and HCL Ownership Trust respectively.

**Notes to the Consolidated Annual Financial Statements (continued)**

| | | Company March 2020 | Company March 2019 |
|---|---|---|---|
| 31 | **Share Capital** | **R** | **R** |
| | **Authorised capital** | | |
| | 40,000,000 each Class A and Class B ordinary no par value shares (2019 : 40,000,000 ordinary no par value shares) | 89,999,999 | 89,999,999 |
| | **Issued** | | |
| | 26,215,000 Class A and 11,235,000 Class B no par value shares (2019: 11,234,999 ordinary no par value shares) | 61,440,099 | 61,439,999 |

Refer Director's report note no. 5, during the year due to restructuring company issued Class A and Class B shares having authorized share capital of 40,000,000 each. Existing 11,234,999 shares were converted into Class B no par value shares. Further, the Company issued additional 26,215,000 Class A and 1 Class B no par value shares for R 100 to Axon Group Limited. Axon Group Limited donated 30% of its holding i.e. 11,235,000 Class B shares to HCL

**32 Commitments**

**a) Capital commitments**

Capital commitment are for estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) as at the balance sheet date March 31, 2020 amounting to ZAR 2,563,781 (2019: ZAR 288,102)

**33 Financial instrument risk management**

Financial instruments carried on the statement of financial position include cash and cash equivalents, trade receivables, trade payables and borrowings. The main purpose of the financial liabilities is to raise finance for the company's operations. The financial assets arise from normal business transactions. The main risks arising from the company's financial instruments are interest rate risk, credit risk, foreign currency risk and liquidity risk.

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

**Interest rate risk**

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

**Interest rate sensitivity**

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

**Group**

| Increase / decrease in basis points | Effect on profit before tax March 2020 | March 2019 |
|---|---|---|
| 100 | 110,383 | 94,996 |
| -100 | (110,383) | (94,996) |

**Company**

| Increase / decrease in basis points | Effect on profit before tax March 2020 | March 2019 |
|---|---|---|
| 100 | - | 10,000 |
| -100 | - | (10,000) |

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

**Credit risk**

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

Customer credit risk is managed by each business unit subject to groups policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating scorecard. The requirement for impairment is analysed on an individual basis for major clients. Additionally, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively.

**Exposure to credit risk**

At the balance sheet date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet as disclosed under Note 20 to the financial statements.

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

**Financial assets that are neither past due nor impaired**

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

**Financial assets that are either past due or impaired**

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

## Notes to the Consolidated Annual Financial Statements (continued)

### 33 Financial instrument risk management (Continued)

**Foreign currency risk**

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

**Foreign currency sensitivity**

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

| | Mar 2020 Change in rate | Effect on profit before tax R | Mar 2019 Change in rate | Effect on profit before tax R |
|---|---|---|---|---|
| EUR | 20.03% | (1,628) | 11.62% | (54,303) |
| GBP | 16.20% | (1,322,411) | 14.25% | (4,102,924) |
| INR | -11.24% | 74,009 | 15.95% | (43,869) |
| MYR | 0.00% | - | 15.92% | (3,920) |
| USD | 23.23% | 1,071,706 | 22.48% | 1,398,561 |
| CNY | 16.51% | (3,014) | 14.55% | (288,631) |
| PLN | 0.00% | - | 9.26% | (120,652) |
| BRL | -7.42% | 344,183 | 3.81% | (192,184) |
| CLP | -2.22% | (732) | 9.18% | (23,775) |
| SEK | 12.69% | (1,349) | 10.29% | (84,240) |
| AED | 0.00% | - | 22.49% | (741,089) |
| ARS | 0.00% | - | -44.07% | 342,302 |
| AUD | 0.00% | - | 12.86% | (23,788) |
| SAR | 0.00% | - | 22.47% | (233,970) |
| CAD | 0.00% | - | 17.59% | (245,040) |
| CHF | 0.00% | - | 17.26% | (150,787) |
| MXN | 0.00% | - | 15.45% | (15,600) |
| RUB | 0.00% | - | 8.49% | (21,094) |
| SGD | 0.00% | - | 18.44% | (107,188) |
| VES | 21181.85% | 29,956,034 | 100.00% | 141,423 |
| | | | | |
| EUR | -20.03% | 1,628 | -11.62% | 54,303 |
| GBP | -16.20% | 1,322,411 | -14.25% | 4,102,924 |
| INR | 11.24% | (74,009) | -15.95% | 43,869 |
| MYR | 0.00% | - | -15.92% | 3,920 |
| USD | -23.23% | (1,071,706) | -22.48% | (1,398,561) |
| CNY | -16.51% | 3,014 | -14.55% | 288,631 |
| PLN | 0.00% | - | -9.26% | 120,652 |
| BRL | 7.42% | (344,183) | -3.81% | 192,184 |
| CLP | 2.22% | 732 | -9.18% | 23,775 |
| SEK | -12.69% | 1,349 | -10.29% | 84,240 |
| AED | 0.00% | - | -22.49% | 741,089 |
| ARS | 0.00% | - | 44.07% | (342,302) |
| AUD | 0.00% | - | -12.86% | 23,788 |
| SAR | 0.00% | - | -22.47% | 233,970 |
| CAD | 0.00% | - | -17.59% | 245,040 |
| CHF | 0.00% | - | -17.26% | 150,787 |
| MXN | 0.00% | - | -15.45% | 15,600 |
| RUB | 0.00% | - | -8.49% | 21,094 |
| SGD | 0.00% | - | -18.44% | 107,188 |
| VES | -21181.85% | (29,956,034) | -100.00% | (141,423) |

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

## Notes to the Consolidated Annual Financial Statements (continued)

### 33 Financial instrument risk management (Continued)

**Liquidity risk**

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

**Liabilities**

| | | 1 Year | 2-5 Year | Over 5 year | Total |
|---|---|---|---|---|---|
| **March 31, 2020** | | | | | |
| Loan from subsidiaries | 2.96% p.a. | 11,038,250 | - | - | 11,038,250 |
| Owed to ultimate holding company and fellow subsidiaries | Interest free | 113,563,694 | - | - | 113,563,694 |
| Trade and other payables | Interest free | 186,656,675 | - | - | 186,656,675 |
| Lease liability | Interest free | 669,530 | - | - | 669,530 |
| Provisions | Interest free | 6,849,665 | 35,718 | - | 6,885,383 |
| **March 31, 2019** | | | | | |
| Loan from subsidiaries | 2.96% p.a. | 9,499,550 | - | - | 9,499,550 |
| Owed to ultimate holding company and fellow subsidiaries | Interest free | 146,331,182 | - | - | 146,331,182 |
| Trade and other payables | Interest free | 60,400,447 | - | - | 60,400,447 |
| Provisions | Interest free | 6,731,106 | - | - | 6,731,106 |
| **Company** | | | | | |
| **March 31, 2020** | | | | | |
| Loan from subsidiaries | 2.96% p.a. | 189,972 | - | - | 189,972 |
| Trade and other payables | Interest free | 229,322 | - | - | 229,322 |
| **March 31, 2019** | | | | | |
| Loan from subsidiaries | 2.96% & 9% p.a. | 5,942,320 | - | - | 5,942,320 |
| Trade and other payables | Interest free | 30,465 | - | - | 30,465 |

**Fair value**

At March 31st 2020, the carrying amounts of cash, trade receivables, trade payables, approximate their fair values due to the short term maturities of these assets and liabilities.

### 34 Classification of financial instruments

**Group**

**Mar 2020**

| | Loans & receivables / (financial liabilities at amortised cost) | Non-Financial assets / liabilities | Total |
|---|---|---|---|
| | R | R | R |
| **Assets** | | | |
| Trade and other receivables | 237,150,984 | 40,664,037 | 277,815,021 |
| Receivable from ultimate holding company, parent and fellow subsidiaries | 19,013,155 | - | 19,013,155 |
| Cash and cash equivalents | 112,907,289 | - | 112,907,289 |
| Unbilled receivable | 58,391,090 | - | 58,391,090 |
| Contract assets | 251,853 | - | 251,853 |
| Finance Lease Receivable | 52,900,562 | - | 52,900,562 |
| Deferred contract cost | - | 26,013,527 | 26,013,527 |
| Total | **480,614,932** | **66,677,564** | **547,292,496** |

| | | | |
|---|---|---|---|
| **Liabilities** | | | |
| Loan from fellow Subsidiary and parent company | 11,038,250 | - | 11,038,250 |
| Owed to ultimate holding company, parent and fellow subsidiaries | 113,563,694 | - | 113,563,694 |
| Trade and other payables | 141,100,153 | 22,711,682 | 163,811,834 |
| Lease liability | 669,530 | - | 669,530 |
| Contract liabilities | - | 25,799,131 | 25,799,131 |
| Total | **266,371,626** | **48,510,812** | **314,882,439** |

## Notes to the Consolidated Annual Financial Statements (continued)

### 34 Classification of financial instruments (continued)

**Group**

**Mar 2019**

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

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

**Company**

**Mar 2020**

| | Loans & receivables / (financial liabilities at amortised cost) | Non-Financial assets / liabilities | Total |
|---|---|---|---|
| | R | R | R |
| **Assets** | | | |
| Receivable from ultimate holding company, parent and fellow subsidiaries | 100 | - | 100 |
| Cash and cash equivalents | 831,929 | - | 831,929 |
| **Total** | **831,929** | **-** | **831,929** |

| | | | |
|---|---|---|---|
| **Liabilities** | | | |
| Loan from fellow Subsidiary and parent company | 189,972 | - | 189,972 |
| Trade and other payables | 229,322 | - | 229,322 |
| **Total** | **419,294** | **-** | **419,294** |

**Mar 2019**

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

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

## Notes to the Consolidated Annual Financial Statements (continued)

### 35 Related party transactions

**a) Related parties where control exists**

**Holding company**

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

**Ultimate holding company**

HCL Technologies Limited

**Subsidiaries**

HCL Technologies South Africa Proprietary Limited
HCL Technologies Pty Ltd (formerly know as HCL Axon (Pty) Ltd. )
HCL BEE Trust
HCL Ownership Trust

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

**Ultimate holding company**

HCL Technologies Limited

**Fellow subsidiaries**

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

## Notes to the Consolidated Annual Financial Statements (continued)

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

| Particulars | Fellow subsidiaries | | Ultimate holding company | |
|---|---|---|---|---|
| | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2020 | Year ended March 31, 2019 |
| | R | R | R | R |
| **Interest expenses** | | | | |
| Axon Solutions Limited | 383,617 | 419,725 | - | - |
| **Total** | **383,617** | **419,725** | **-** | **-** |
| **Insurance expenses** | | | | |
| HCL Technologies Limited | - | - | 250,473 | 309,495 |
| **Total** | **-** | **-** | **250,473** | **309,495** |
| **Marketing Cost** | | | | |
| HCL Great Britain Limited | 37,967,111 | 28,018,401 | - | - |
| HCL Technologies Middle E | - | 3,068,694 | - | - |
| **Total** | **37,967,111** | **31,087,095** | **-** | **-** |
| **Consulting charges** | | | | |
| HCL Technologies Limited | - | - | 387,001,240 | 323,916,539 |
| Axon Solutions (Shanghai) Co. Ltd. | 18,255 | 19,024 | | - |
| Axon Solutions Inc | - | (168,479) | | - |
| Axon Solutions Limited | 814,144 | (182,255) | | - |
| HCL (Brazil) Technologia da informacao Ltda. | (341,123) | 6,246,334 | | - |
| HCL America Inc. + 4220 | 3,473,949 | 1,164,848 | | - |
| HCL Argentina s.a. | 1,031,001 | 39,509 | | - |
| HCL Australia Services Pty. Limited | 268,685 | 400,754 | | - |
| HCL Axon Malaysia Sdn Bhd-Software Division | 534,635 | 403,034 | | - |
| HCL Axon Solutions (Shanghai) Co., Ltd., Beijing Branch | 409,637 | 500,932 | | - |
| HCL Belgium NV | 12,008 | - | | - |
| HCL GmbH | 524,011 | 458,070 | | - |
| HCL Great Britain Limited | 2,530,728 | 3,721,039 | | - |
| HCL İstanbul Bilişim Teknolojileri Limited Şirketi | 11,728 | - | | - |
| HCL Japan Limited | - | 1,523,910 | | - |
| HCL Poland Sp.z.o.o. | 1,393,486 | 2,755,229 | | - |
| HCL Arabia LLC | 360,131 | 525,537 | | - |
| HCL Technologies Beijing Co., Ltd. | 297,191 | 175,250 | | - |
| HCL Technologies B.V | 882,788 | (284,566) | | - |
| HCL Technologies Chile Spa | 119,158 | 329,452 | | - |
| HCL Technologies Denmark Apps | - | 2,379,383 | | - |
| HCL Technologies Italy SPA | 28,411 | - | | - |
| HCL Technologies Middle East FZ- LLC | 30,335 | - | | - |
| HCL Technologies UK Limited | 2,606,100 | 4,826,488 | | - |
| FILIAL ESPAÑOLA DE HCL TECHNOLOGIES, S.L. | - | 21,005 | | - |
| HCL Axon Technologies Inc.-SD (fly Axon Solutions (Canada) I | 642,639 | 2,733,057 | | - |
| HCL Mexico S. de R.L. | 334,262 | 100,965 | | - |
| HCL Singapore Pte Limited | 54,857 | 623,735 | | - |
| HCL Technologies (Shanghai) Limited | 735,000 | 1,700,643 | | - |
| HCL Technologies France | 15,539 | 224,312 | | - |
| HCL Technologies Limited - Russia Branch | - | 248,549 | | - |
| HCL Technologies Limited- Swiss Branch | 21,110 | 873,643 | | - |
| HCL Technologies Sweden AB | 241,838 | 807,722 | | - |
| HCL Technologies Ltd Ireland | 489,457 | 9,434 | | - |
| HCL Technologies Germany | 93,627 | 3,546,191 | | - |
| HCL Tech. Belgium BVBA | 65,233 | 183,725 | | - |
| HCL Technologies Vietnam | 1,103,224 | 9,014 | | - |
| HCL Technologies Middle E | - | 226,342 | | - |
| HCL AXON MALAYSIA SDN BHD | 42,085 | 24,624 | | - |
| HCL Technologies Colombia SAS | 538,347 | | | |
| HCL CANADA INC | 323,920 | | | |
| HCL Technologies Ltd Finland Branch | 397,023 | | | |
| HCL Hungary Kft | 20,006 | | | |
| HCL Technologies Finland Oy | 346,298 | | | |
| HCL Technologies Lithuania UAB | 127,180 | | | |
| HCL Technologies Greece Single Member P. | 41,083 | | | |
| HCL Technologies Limited - ME Branch | 470,248 | | | |
| HCL Technologies Limited Israel | 107,322 | | | |
| HCL New Zealand Ltd. | 30,837 | | | |
| HCL Technologies Taiwan Ltd | 407,792 | | | |
| HCL Latin America Holding, LLC, Panama B | 241,310 | | | |
| **Total** | **21,895,495** | **36,166,454** | **387,001,240** | **323,916,539** |

## Notes to the Consolidated Annual Financial Statements (continued)

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

| Particulars | Fellow subsidiaries | | Ultimate holding company | |
|---|---|---|---|---|
| | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2020 | Year ended March 31, 2019 |
| | R | R | R | R |
| **Software Income** | | | | |
| HCL Technologies Limited | | - | 5,747,935 | 2,369,613 |
| HCL America Inc. + 4220 | 365,694 | 4,249,385 | - | - |
| HCL Australia Services Pty. Limited | 3,228,740 | 830,470 | - | - |
| HCL Axon Technologies Inc.-SD | 138,289 | 289,015 | - | - |
| HCL Great Britain Limited | 361,452 | 96,514 | - | - |
| HCL Hong Kong SAR Limited | 14,151 | 11,381 | - | - |
| HCL Singapore Pte Limited | 2,948,990 | 3,396,752 | - | - |
| HCL Technologies (Shanghai) Limited | 17,568 | 210,441 | - | - |
| HCL Technologies B.V | 6,993 | 1,042,167 | - | - |
| HCL Technologies Germany Gmbh | 71,230 | - | - | - |
| HCL Technologies Italy SPA | 1,254,457 | - | - | - |
| HCL Technologies Limited - Russia Branch | 46,171 | 262,125 | - | - |
| HCL Technologies Limited - Finland Branch | 136,929 | 543,968 | - | - |
| HCL Technologies Limited- Swiss Branch | 1,235 | 23,853 | - | - |
| HCL Technologies Middle East FZ- LLC | 343,700 | 390,484 | - | - |
| HCL Technologies Norway AS | 11,023 | 8,442 | - | - |
| HCL Technologies UK Limited | 16,357,270 | 12,666,543 | - | - |
| PT. HCL Technologies Indonesia | 47,939 | - | - | - |
| HCL (Brazil) Technologia da informacao Ltda. | - | 484,404 | - | - |
| HCL Technologies Belgium BVBA | - | 982,291 | - | - |
| HCL Technologies Chile Spa | - | 614,338 | - | - |
| HCL Technologies France | - | 24,072 | - | - |
| HCL Technologies Limited- UAE Branch | 252,265 | 1,135,438 | - | - |
| HCLTechnologies Sweden AB | - | 129,983 | - | - |
| HCL Tech. Finland Oy | - | 760,297 | - | - |
| HCL Istanbul Bilisim Tekn | - | 105,350 | - | - |
| HCL (NEWZEALAND) LIMITED | 45,764 | 71,544 | - | - |
| HCL Axon Tech.(Shanghai) | 638,196 | 2,120,860 | - | - |
| HCL Argentina s.a. | 164,424 | - | - | - |
| HCL Mexico S. de R.L. | 18,163 | - | - | - |
| HCL Technologies Colombia SAS | 11,880 | - | - | - |
| HCL Poland Sp.z.o.o. | 125,619 | - | - | - |
| HCLTechnologiesLtd .Sucursal EM Portugal | 945,993 | - | - | - |
| HCL GmbH | 188,028 | - | - | - |
| HCL Technologies Luxembourg S.a.r.l | 11,426 | - | - | - |
| HCL Technologies Denmark Apps | 61,551 | - | - | - |
| **Total** | **27,815,141** | **30,450,116** | **5,747,935** | **2,369,613** |

## Notes to the Consolidated Annual Financial Statements (continued)

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

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| | R | R |
| **Trade payable** | | |
| HCL Technologies Limited | 87,387,802 | 81,736,541 |
| Axon Solutions (Shanghai) Co. Ltd. | 21,572 | - |
| Axon Solutions Limited | 554,855 | 350,998 |
| HCL (Brazil) Technologia da informacao Ltda. | 4,294,164 | 5,042,460 |
| HCL America Inc. | 1,386,350 | 1,366,874 |
| HCL Argentina s.a. | - | 123,445 |
| HCL Australia Services Pty. Limited | 114,481 | 186,385 |
| HCL Axon Malaysia Sdn Bhd-Software Division | 281,449 | - |
| HCL Axon Solutions (Shanghai) Co., Ltd., Beijing Branch | - | 276,604 |
| HCL GmbH | - | 458,070 |
| HCL Great Britain Limited | 10,416,017 | 16,126,398 |
| HCL Poland Sp.z.o.o. | - | 1,303,580 |
| HCL Arabia LLC | 2,059 | 249,390 |
| HCL Technologies (Shanghai) Limited | 184,753 | 1,592,015 |
| HCL Technologies Beijing Co., Ltd. | 69,374 | 131,893 |
| HCL Technologies B.V | 224,092 | - |
| HCL Technologies Chile Spa | 119,158 | 299,320 |
| HCL Technologies Limited - Russia Branch | - | 268,991 |
| HCL Technologies Sweden AB | - | 785,933 |
| HCL Technologies UK Limited | 34,020 | 3,178,858 |
| HCL TECHNOLOGIES MEXICO, | 2,700 | 103,664 |
| HCL AXON TECH. INC - SD | - | 1,406,487 |
| HCL Technologies Ltd Irel | 276,283 | 9,434 |
| HCL Technologies Ltd Swis | 10,702 | 873,643 |
| HCL Singapore Pte Limited | 54,857 | 581,415 |
| HCL Technologies Middle E | - | 3,113,427 |
| HCL Technologies Middle East FZ LLC Duba | - | 209,080 |
| HCL AXON MALAYSIA SDN BHD | - | 24,624 |
| HCL CANADA INC | 217,428 | |
| HCL Technologies Vietnam Company Limited | 57,750 | |
| HCL Technologies Limited Israel | 107,322 | |
| **Total (A)** | **105,817,186** | **119,799,529** |
| **Other Current Liabilities** | | |
| HCL Technologies Limited | 4,870,430 | 15,564,775 |
| HCL Technologies Vietnam | - | 9,014 |
| HCL Technologies Taiwan Ltd | 407,792 | - |
| **Total (B)** | **5,278,222** | **15,573,789** |
| **Interest Payable** | | |
| Axon Solutions Limited | 1,963,474 | 1,304,582 |
| Axon Group Limited UK | 504,812 | 434,443 |
| **Total (C)** | **2,468,286** | **1,739,025** |
| **Total (A)+(B)+(C)** | **113,563,694** | **137,112,343** |

## Notes to the Consolidated Annual Financial Statements (continued)

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

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| | R | R |
| **Trade receivable** | | |
| HCL Technologies Limited | 4,938,333 | 182,593 |
| Axon Solutions (Shanghai) Co. Ltd. | 2,759,056 | 2,120,860 |
| Axon Solutions Limited | 5,913 | 9,815 |
| HCL (Brazil) Technologia da informacao Ltda. | 940,833 | 483,914 |
| HCL America Inc. + 4220 | 2,073,201 | 2,347,303 |
| HCL Argentina s.a. | 166,470 | (12,116) |
| HCL Australia Services Pty. Limited | 835,818 | 813,252 |
| HCL Axon Technologies Inc.-SD (fly Axon Solutions (Canada) I | - | 48,581 |
| HCL Great Britain Limited | 343,158 | - |
| HCL Singapore Pte Limited | 92,027 | 1,232,054 |
| HCL Technologies (Shanghai) Limited | 791,056 | 773,488 |
| HCL Technologies B.V | 9,081 | 16,510 |
| HCL Technologies Chile Spa | 1,059,293 | 648,953 |
| HCL Technologies Colombia SAS | 39,325 | 28,233 |
| HCL Technologies Germany Gmbh | 112,193 | - |
| HCL Technologies Italy SPA | 442,061 | - |
| HCL Technologies Limited - Russia Branch | 55,789 | 124,442 |
| HCL Technologies Limited - Finland Branch | 12,301 | 369,696 |
| HCL Technologies Limited- Swiss Branch | 1,235 | - |
| HCL Technologies Norway AS | (7,789) | 2,122 |
| HCL Technologies UK Limited | 4,183,897 | 4,680,810 |
| JSP Consulting Sdn Bhd | 7,641 | - |
| PT. HCL Technologies Indonesia | 66,517 | - |
| HCL Technologies Middle East FZ- LLC | (108,258) | 390,484 |
| HCL Tech. Belgium BVBA | - | 982,291 |
| HCLTechnologies Sweden AB | - | 129,983 |
| HCL Tech. Finland Oy | - | 874,341 |
| HCL Technologies Ltd UAE | (229,639) | 554,485 |
| HCL TECHNOLOGIES MEXICO | 18,163 | - |
| HCLTechnologiesLtd .Sucursal EM Portugal | 51,853 | - |
| Axon Group PLC | 100 | - |
| HCL Technologies Luxembourg S.a.r.l | 11,426 | - |
| HCL Technologies Denmark ApS | 53,770 | - |
| **Total** | **18,724,825** | **16,802,094** |
| **Short-term loans payable** | | |
| Axon Solutions Limited | 11,038,250 | 9,499,550 |
| **Total** | **11,038,250** | **9,499,550** |
| **Unbilled revenue** | | |
| HCL Technologies Limited | - | 15,873 |
| **Total** | **-** | **15,873** |
| **Other Receivable** | | |
| HCL Technologies Limited | - | 252,369 |
| HCL ARGENTINA S.A. | - | 16,976 |
| Hcl (Brazil) Tecnologia D | - | 457,032 |
| HCL America Inc. (Axon) | - | 38,434 |
| HCL Technologies UK Ltd. | - | 72,842 |
| HCL Technologies B.V. | - | 9,426 |
| HCLTechnologies Chile SPA | - | 411,108 |
| JSP Consulting Sdn Bhd | - | 7,641 |
| HCL Axon Tech.(Shanghai) | 70,509 | 70,509 |
| PT. HCLT Indonesia | - | 18,578 |
| HCL Technologies (Shangha | 217,822 | 217,822 |
| **Total** | **288,331** | **1,572,737** |
| **Deferred Contract Cost** | | |
| HCL Technologies Limited | 18,281,988 | 16,658,237 |
| **Total** | **18,281,988** | **16,658,237** |

**Notes to the Consolidated Annual Financial Statements (continued)**

**Company**

**Outstanding balances with related parties**

| Particulars | Fellow subsidiaries | | Ultimate holding company | |
|---|---|---|---|---|
| | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2020 | Year ended March 31, 2019 |
| | R | R | R | R |
| **Trade Receivables** | | | | |
| Axon Group Limited | 100 | - | - | - |
| **Total** | **100** | **-** | **-** | **-** |
| **Short term loan** | | | | |
| HCL Technologies Pty Ltd (formerly know as HCL Axon (Pty) Ltd.) | - | 1,000,000 | - | - |
| **Total** | **-** | **1,000,000** | **-** | **-** |
| **Accounts Payable** | | | | |
| HCL Technologies Pty Ltd (formerly know as HCL Axon (Pty) Ltd.) | - | 4,802,403 | - | - |
| HCL Technologies South Africa Proprietary Limited | (100,000) | (100,000) | - | - |
| **Total** | **(100,000)** | **4,702,403** | **-** | **-** |
| **Interest accrued on short term loan** | | | | |
| HCL Technologies Pty Ltd (formerly know as HCL Axon (Pty) Ltd.) | 289,972 | 239,917 | - | - |
| **Total** | **289,972** | **239,917** | **-** | **-** |

| Particulars | Fellow subsidiaries | | Ultimate holding company | |
|---|---|---|---|---|
| | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2020 | Year ended March 31, 2019 |
| | R | R | R | R |
| **Interest on short term loan** | | | | |
| HCL Technologies Pty Ltd (formerly know as HCL Axon (Pty) Ltd.) | 50,055 | 90,000 | - | - |
| **Total** | **50,055** | **90,000** | **-** | **-** |
| **Dividend Expense** | | | | |
| Axon Group Limited | 234,914,729 | - | - | - |
| **Total** | **234,914,729** | **-** | **-** | **-** |
| **Dividend Income** | | | | |
| HCL Technologies Pty Ltd (formerly know as HCL Axon (Pty) Ltd.) | 234,925,230 | 31,785,450 | - | - |
| **Total** | **234,925,230** | **31,785,450** | **-** | **-** |

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

Outstanding balances at year-end are unsecured, interest free (except loan from parent company) and settlement occurs in cash.There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31st March 2020, the company has not recorded any impairment of receivables relating to amounts owned by related parties.

**36 Remuneration to directors and key management personnel**

All the directors and key management personnel of the Anzsopan Group are also directors and key management personnel in other group companies within the HCL group and all of these companies together are viewed as one business unit and their remuneration is paid by the ultimate parent Company. No separate or additional remuneration is paid to these directors for their role as directors of this Company or any other companies in the South African group and therefore no disclosure is required for these directors.
Non-executive directors do not earn attendance fees.

**37 Retirement benefits**

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

| **38 Capital management** | **March 2020** | **March 2019** |
|---|---|---|
| Share capital | 61,440,099 | 61,439,999 |
| Accumulated profit | 296,441,776 | 579,849,664 |
| | **357,881,875** | **641,289,663** |

Capital includes equity shares and equity attributable to the equity holders of the parent and equity attributable to non-controlling interst. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group has managed its capital structure to inhance its credit rating by donating shares to Trust for benefit of black people.

## 39 Subsequent Event

Other than the matter mentioned below, there have been no significant subsequent events since the year ended 31 March'20 that would have material impact on the statement of financial position of the Group and Company as shown in these financial statements.
The recent outbreak of COVID19 (Coronavirus) continues to impact the global economy and markets. At this time, the impact of the outbreak on our business has been limited as delivery of our services is uninterrupted, and we have currently not witnessed significant changes in demand, whereas our service delivery is intact and our liquidity remains healthy. However, going forward the COVID19 outbreak may negatively impact amongst others our, workforce, operations, and market demand and liquidity. We will take all necessary actions to keep our operations running and, most importantly, protect our employees, suppliers, customers and all other stakeholders.

## 40 Going Concern

The group earned a loss for the period ended 31 March 2020 of R (48,493,160) as compared to profit in last year ended 31 March 2019 – R 59,165,727 and as at that date its total assets exceeded its total liabilities by R 461,057,616 (2019: R 641,289,664). In addition, current assets exceed current liabilities by R 154,015,577 (2019: R 392,755,923). The loss solely resulted from a once of Share Based Payment charge and does not impact the company’s future profitability. The company earned a profit for the period ended 31 March 2020 of R 477,409,729 (2019: 31,429,871) and as at that date its total assets exceeded its total liabilities by R 334,115,389 (2019: 91,620,289). In addition, current assets exceed current liabilities by R 412,731 (2019: 1,645,288) Based on our current knowledge and available information, we do not expect COVID19 to have an impact on our ability to continue as a going concern in the future. Accordingly, the financial statements have been prepared on a going concern basis.