Sankalp Semiconductor Private Limited

Financial Statements

Years ended 31 March 2020

Sankalp Semiconductor Private Limited
Balance Sheet
(All amounts are in ₹ in lakhs)

	Note	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
I. ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	**4.1a**	1,014.22	1,099.00	676.49
(b) Right-of-use assets	**4.1b**	1,066.86	-	-
(c) Goodwill	**4.2**	300.04	300.04	300.04
(d) Other intangible assets	**4.3**	742.93	773.00	337.02
(e) Financial assets				
(i) Investments	**4.4**	77.83	196.27	196.27
(ii) Loans	**4.5**	20.00	-	3.00
(iii) Other financial assets	**4.6**	87.29	78.80	50.71
(f) Deferred tax assets (net)	**4.22**	239.73	219.33	250.83
(g) Other non-current assets	**4.7**	9.88	16.42	68.62
(h) Non current tax assets (net)		1,144.26	1,310.29	936.38
		4,703.04	**3,993.15**	**2,819.36**
(2) Current assets				
(a) Financial assets				
(i) Trade receivables	**4.8**	2,305.68	2,348.57	2,559.14
(ii) Cash and cash equivalents	**4.9(a)**	695.17	869.06	874.53
(iii) Other bank balances	**4.9(b)**	-	2.90	0.71
(iv) Loans	**4.5**	7.50	40.32	25.84
(v) Other financial assets	**4.6**	1,155.84	335.53	125.66
(b) Other current assets	**4.10**	388.78	292.33	240.42
		4,552.97	**3,888.71**	**3,826.30**
TOTAL ASSETS		**9,256.01**	**7,881.86**	**6,645.66**
II. EQUITY				
(a) Equity share capital	**4.11**	151.78	119.27	119.27
(b) Other equity		6,052.67	3,428.94	2,867.99
TOTAL EQUITY		**6,204.45**	**3,548.21**	**2,987.26**
III. LIABILITIES				
(1) Non - current liabilities				
(a) Financial liabilities				
(i) Borrowings	**4.12**	-	154.21	21.52
(ii) Lease liabilities	**4.25**	843.80	-	-
(iii) Other financial liabilities	**4.13**	172.40	1,321.82	1,223.34
(b) Provisions	**4.14**	453.59	358.58	316.23
		1,469.79	**1,834.61**	**1,561.09**
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	**4.12**	-	242.10	314.21
(ii) Trade payables	**4.15**	7.70	294.25	181.28
(iii) Lease liabilities	**4.25**	338.74	-	-
(iv) Other financial liabilities	**4.13**	724.39	1,673.49	1,249.42
(b) Other current liabilities	**4.16**	390.59	165.95	259.64
(c) Provisions	**4.14**	120.35	123.25	92.76
		1,581.77	**2,499.04**	**2,097.31**
TOTAL EQUITY AND LIABILITIES		**9,256.01**	**7,881.86**	**6,645.66**
Summary of significant accounting policies	**2**			

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
Firm's registration number : 116231W/W-100024

ANKIT DAGA Digitally signed by ANKIT DAGA Date: 2020.08.24 20:32:50 +05'30'

Ankit Daga
Partner
Membership Number: 512486

Bengaluru, India
24 August, 2020

For and on behalf of the Board of Directors
of Sankalp Semiconductor Private Limited

ANUP DUTTA Digitally signed by ANUP DUTTA Date: 2020.08.24 18:27:08 +05'30'

SUBRAMANIAN GOPALAKRISHNAN Digitally signed by SUBRAMANIAN GOPALAKRISHNAN Date: 2020.08.24 18:27:27 +05'30'

Anup Kumar Tarapada Dutta
Director
DIN: 01051776

Subramanian Gopalakrishnan
Director
DIN: 06799278

Noida (UP), India
24 August, 2020

Sankalp Semiconductor Private Limited
Statement of Profit and Loss
(All amounts are in ₹ in lakhs)

		Note	Year ended 31 March 2020	Year ended 31 March 2019
I.	**Revenue**			
	Revenue from operations	**4.17**	14,570.45	12,194.58
	Other income	**4.18**	464.23	91.07
	Total income		**15,034.68**	**12,285.65**
II.	**Expenses**			
	Employee benefits expense	**4.19**	11,116.99	8,731.65
	Finance costs	**4.20**	276.21	237.01
	Depreciation and amortization expense	**4.1, 4.2 & 4.3**	913.60	641.70
	Other expenses	**4.21**	1,982.63	2,129.57
	Total expenses		**14,289.43**	**11,739.93**
III.	**Profit before tax**		**745.25**	**545.72**
IV.	**Tax expense**			
	Current tax	**4.22**	559.24	185.18
	Tax for earlier years		(15.44)	(157.25)
	Deferred tax (credit) / expense for current year		(14.09)	36.08
	Deferred tax expense for earlier years		-	3.25
	Total tax expense		**529.71**	**67.26**
V.	**Profit for the year**		**215.54**	**478.46**
VI.	**Other comprehensive income**	**4.23**		
	(i) Items that will not be reclassified to statement of profit and loss		(21.69)	(28.15)
	(ii) Income tax on items that will not be reclassified to statement of profit and loss		6.31	7.83
VII.	**Total other comprehensive income**		**(15.38)**	**(20.32)**
VIII.	**Total comprehensive income for the year**		**200.16**	**458.14**
	Earnings per equity share of ₹ 2 each	**4.24**		
	Basic (in ₹)		3.28	8.89
	Diluted (in ₹)		2.90	6.83
	Summary of significant accounting policies	**2**		

The accompanying notes are an integral part of the financial statements

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Ankit Daga
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Membership Number: 512486

Bengaluru, India
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Anup Kumar Tarapada Dutta
Director
DIN: 01051776

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Subramanian Gopalakrishnan
Director
DIN: 06799278

Noida (UP), India
24 August, 2020

Sankalp Semiconductor Private Limited
Statement of Changes in Equity
(All amounts are in ₹ in lakhs except share data unless otherwise stated)

	Equity share capital		Other Equity					Total Other equity attributable to the Shareholders of the Company
			Reserves and Surplus					
	Shares	Share capital	Treasury shares	Retained earnings	Securities premium	ESOP Reserve	Other comprehensive income	
Balance as at 1 April, 2018 as per Previous GAAP	5,963,569	119.27	-	2,843.21	165.66	-	-	3,008.87
Effects of transition	-	-	(176.00)	35.12	-	-	-	(140.88)
Balance as at 1 April, 2018 as per Ind AS	5,963,569	119.27	(176.00)	2,878.33	165.66	-	-	2,867.99
Profit for the year	-	-	-	478.46	-	-	-	478.46
Other comprehensive income (refer note 4.23)	-	-	-	-	-	-	(20.32)	(20.32)
Change in treasury shares held by stock option trust	-	-	102.81	-	-	-	-	102.81
Balance as at 31 March, 2019	**5,963,569**	**119.27**	**(73.19)**	**3,356.79**	**165.66**	**-**	**(20.32)**	**3,428.94**
Balance as at 1 April, 2019	5,963,569	119.27	(73.19)	3,356.79	165.66	-	(20.32)	3,428.94
Profit for the year	-	-	-	215.54	-	-	-	215.54
Other comprehensive income (refer note 4.23)	-	-	-	-	-	-	(15.38)	(15.38)
Conversion of preference shares to equity shares (refer note a below)	1,625,538	32.51	-	-	1,024.09	-	-	1,024.09
Change in treasury shares held by stock option trust	-	-	91.34	-	-	-	-	91.34
Transfer from payable to employee for stock options on account of modification of ESOP scheme	-	-	-	-	-	356.01	-	356.01
Share based payments to employees	-	-	-	-	-	952.13	-	952.13
Exercise of share options	-	-	-	-	972.90	(972.90)	-	-
Balance as at 31 March, 2020	**7,589,107**	**151.78**	**18.15**	**3,572.33**	**2,162.65**	**335.24**	**(35.70)**	**6,052.67**

Note:
(a) During the year, the preference shares were converted into 1,625,538 equity shares as per the share subscription agremeent dated 03 April 2017 and transferred ₹ 1,024.09 lakhs transferred to security premium.

Summary of significant accounting policies **2**

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
Firm's registration number : 116231W/W-100024

ANKIT DAGA Digitally signed by ANKIT DAGA Date: 2020.08.24 20:34:06 +05'30'

Ankit Daga
Partner
Membership Number: 512486

Bengaluru, India
24 August, 2020

For and on behalf of the Board of Directors
of Sankalp Semiconductor Private Limited

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SUBRAMANIAN GOPALAKRISHNAN Digitally signed by SUBRAMANIAN GOPALAKRISHNAN Date: 2020.08.24 18:28:35 +05'30'

Anup Kumar Tarapada Dutta
Director
DIN: 01051776

Subramanian Gopalakrishnan
Director
DIN: 06799278

Noida (UP), India
24 August, 2020

Sankalp Semiconductor Private Limited
Statement of Cash flows
(All amounts are in ₹ in lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
A. Cash flows from operating activities		
Profit before tax	745.25	545.72
Adjustment for:		
Depreciation and amortization	913.60	641.70
Interest income	(265.69)	(6.07)
Income on investments carried at fair value through profit and loss, net	(11.28)	(30.01)
Interest expenses	268.05	199.53
Unrealised foreign exchange (gain), net	(68.28)	(22.04)
Provision no longer required written back	0.12	(7.42)
Share based payments to employees	952.13	-
Loss on impairment of non current investments	197.96	-
Operating profit before working capital changes	**2,731.86**	**1,321.41**
Movement in Working Capital		
Decrease in trade receivables	113.51	200.31
(Increase) in loans to employees and other financial assets	(827.79)	(239.78)
(Increase) / decrease in other assets	(89.91)	0.28
Increase / (decrease) in trade payables	(286.55)	112.97
(Decrease) in other financial liabilities	(118.96)	(12.40)
Increase (decrease) in provisions and other liabilities	316.75	(20.85)
Cash generated from operations	**1,838.91**	**1,361.94**
Income taxes paid (net of refunds)	(377.77)	(401.84)
Net cash generated from operating activities (A)	**1,461.14**	**960.10**
B. Cash flows from investing activities		
Payments for business acquisitions, net of cash acquired	(149.45)	(58.60)
Purchase of property, plant and equipment and intangibles, including capital advances	(715.74)	(939.02)
Investment in mutual fund units	(3,080.00)	(6,409.99)
Proceeds from sale of mutual fund units	3,091.26	6,440.00
Proceeds from sale of investment in equity shares	94.32	102.81
Investment in equity shares	(2.78)	-
Interest received	1.42	29.73
(Invetment)/proceeds in margin money deposit	2.90	(2.19)
Investment in equity shares of a subsidiary company	(79.70)	-
Proceeds from loan provided to other entities	5.00	(107.50)
Net cash used in investing activities (B)	**(832.77)**	**(944.76)**
C. Cash flows from financing activities		
Payment of lease liabilities including interest	(338.74)	-
Proceeds from borrowings (refer note a below)	-	1,457.31
Repayment of borrowings (refer note a below)	(464.49)	(1,448.54)
Interest paid	(15.28)	(33.89)
Net cash used in financing activities (C)	**(818.51)**	**(25.12)**
Net decrease in cash and cash equivalents (A+B+C)	(190.14)	(9.78)
Effect of exchange differences on cash and cash equivalents held in foreign currency	16.25	4.31
Cash and cash equivalents at the beginning of the year	869.06	874.53
Cash and cash equivalents at the end of the year as per note 4.9(a)	**695.17**	**869.06**
Summary of significant accounting policies (Note 2)		

Notes:
(a) Reconciliation of liabilities arising from financing activities

Particulars	As at 31 March 2019	Cash flows	As at 31 March 2020
Long term borrowings (including current maturities)	222.39	(222.39)	-
Short term borrowings	242.10	(242.10)	-
	464.49	**(464.49)**	**-**

The accompanying notes are an integral part of the financial statements.

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Membership Number: 512486

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24 August, 2020

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Subramanian Gopalakrishnan
Director
DIN: 06799278

Noida (UP), India
24 August, 2020

1. COMPANY OVERVIEW

1.1 Reporting entity

Sankalp Semiconductor Private Limited (hereinafter referred to as "the Company") is primarily engaged in providing a range of design services to semiconductor industry. The Company was incorporated under the provisions of the Companies Act applicable in India in October 2005, having its registered office at Plot No. 9, Survey No. 89, Aryabhatta Teck Park, Navanagar, Hubli, Dharwad, Karnataka, 580025.

1.2 Basis of Preparation of financial statements

a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended) notified under section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions.

The financial statements up to and for the year ended 31 March 2019 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('Indian GAAP' or 'previous GAAP').

These financial statements comprise the financial statements of Sankalp Semiconductor Private Limited and its wholly owned trust Sankalp Stock Trust.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position and financial performance of the Company is provided in note 3.

The financial statements for the year ended 31 March, 2020 were approved and authorized for issue by the Board of Directors on 24 August 2020.

The preparation of these financial statements has resulted in changes to the Company's accounting policies as compared to the most recent annual financial statements prepared under Previous GAAP. Accounting policies have been applied consistently to all years presented in the financial statements including the preparation of the (Ind AS) opening balance sheet as at 1 April, 2018 ('Transition date') for the purpose of transition to (Ind AS) and as required by Ind AS 101.

b) Functional and presentation currency

The Company's financial statements are presented in Indian Rupee (₹) in lakhs which is also the functional currency of the Company. Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of the respective transactions. Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss.

c) Basis of measurement

These financial statements have been prepared under the historical cost convention on an accrual and going concern basis.

d) Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and other

comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Significant estimates and assumptions are used for, but not limited to, accounting for costs expected to be incurred to complete performance under fixed price projects, allowance for uncollectible accounts receivables, income taxes, valuation of share-based compensation, future obligations under employee benefit plans, the useful lives of property, plant and equipment, intangible assets, impairment of goodwill, and other contingencies and commitments. Changes in estimates are reflected in the financial statements in the year in which the changes are made. Actual results could differ from those estimates.

e) Business combinations and goodwill

In accordance with the provisions of Ind AS 101 related to first time adoption, the Company has elected to apply Ind AS accounting for business combinations prospectively from the transition date. As such, Previous GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward (please refer note 3 below).

Goodwill has been recorded to the extent the cost of acquisition of the business, comprising purchase consideration and transaction costs, exceeds the value of net assets acquired. It is tested for impairment on a periodic basis and written-off if found impaired.

f) Fair value measurement

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 4.26 – financial instruments.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

i. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified and measured at
- amortised cost;
- Fair value through other comprehensive income (FVOCI) – debt investment;
- Fair value through other comprehensive income (FVOCI) – equity investment; or
- Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL :	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost :	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI:	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI:	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

ii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

iii. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

iv. Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

b. Revenue recognition

Revenue from business of providing design services to semiconductor industries comprises revenue from time and material and fixed-price contracts. Revenue from time and material contracts is recognised as the related services

are rendered. Revenue from fixed price contracts is recognised in accordance with the terms of the contract. Revenue from transactions with related parties is recognised as per the terms and arrangement with respective related party. Unbilled revenue represents revenue recognized in excess of billings as at the end of reporting period. Unearned revenue represents billing in excess of revenue recognized.

The Company's contracts with customers include promises to transfer services to the customers. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract.

Revenues are stated net of applicable duties or taxes.

Interest income

Interest on deployment of surplus funds is recognised using the time proportionate method based on underlying interest rates.

Interest income for all financial instruments measured at amortized cost is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in o in the statement of profit and loss.

Any other income earned is recognized in statement of profit and loss only upon realization.

c. Income taxes

Income tax comprises current and deferred tax.

i) Current tax

Income tax expense is recognized in the statement of profit and loss. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future and taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.
Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

d. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The Company identifies and determines separate useful lives for each major component of the property, plant and equipment, if they have a useful life that is materially different from that of the asset as a whole.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard or period of performance. All other expenses on existing property, plant and equipment, including day-to-day repairs, maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

Gains or losses arising from derecognition of assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The management's estimates of the useful lives of various assets for computing depreciation are as follows:

Asset category	Estimated useful life (Years)
Computers	3
Furniture and fixtures	5
Networking equipments	6
Office equipments	5
Buildings	60
Electrical installations	10
Lease hold improvements	5

The useful lives as given above best represent the period over which the management expects to use these assets, based on the useful lives prescribed under Part C of Schedule II of the Companies Act 2013.

Pro-rata depreciation is provided on all above assets purchased during the year.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2018 except freehold land which is not depreciated, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment (see note 3).

e. Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Estimated useful lives of the intangible assets are as follows:

Asset category	**Estimated useful life (Years)**
Softwares	3

Pro-rata depreciation is provided on all above assets purchased / sold during the year.

f. **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g. Leases

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors.

The Company has adopted Ind AS 116, effective 1 April 2019 using the modified retrospective approach which involves recognizing new right-of-use assets and lease liabilities on its balance sheet. The Company has also elected the practical expedients, not to reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs. The Company has used a single discount rate to a portfolio of leases with reasonably similar characteristics.

Company 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 Ind AS 116.

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 Company'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.

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 Company's incremental borrowing rate, which approximates the rate at which the Company would borrow, in the country where the lease was executed. The Company has used a single discount rate for a portfolio of leases with reasonably similar characteristics. 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.

All the leases with a term of less than 12 months and leases with low value are excluded from application of Ind AS 116 in the balance sheet.

h. Impairment of non-financial assets

Property, plant and equipment

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the asset exceeds the estimated recoverable amount of the asset.

Goodwill

On transition to Ind AS, the Company has elected to continue with the carrying value of Goodwill arising from business combinations recognized as at 1 April 2018, measured as per the previous GAAP. Company shall review at each reporting date to determine whether there is any indication of impairment. If any such indication exists, Further it shall be tested for impairment every year.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Company's cash generating units (CGU) expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable Company of assets that generates cash inflows that are largely independent of the cash inflows from other assets or Company of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the asset exceeds the estimated recoverable amount of the asset.

i. Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Comapny from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

j. Retirement and other employee benefits

i. Provident fund: Employees of the Company receive benefits under the provident fund, a defined contribution plan. The employee and employer each make monthly contributions to the plan. The contribution is made to the provident fund trust managed by the Government administered provident fund and pension fund.

ii. Gratuity liability: The Company provide for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's base salary and the tenure of employment (subject to a maximum of ₹ 10 lacs per employee). The liability is actuarially determined (using the projected unit credit method) at the end of each year. Actuarial gains/losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the year in which they occur.

The Company contributes towards gratuity liabilities to the Gratuity Fund Trust. Trustees of the Company administer contributions made to the Trust and contributions are invested in a scheme with Life Insurance Corporation of India as permitted by law.

iii. Compensated absences: The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The employees can carry forward up to the specified portion of the unutilized accumulated compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

k. Equity settled stock based compensation

Stock-based compensation represents the cost related to stock-based awards granted to employees. The Company measures stock-based compensation cost at grant date, based on the estimated fair value of the award and recognizes the cost (net of estimated forfeitures) on a straight line basis over the requisite service period for each separately vesting portion of the award, as if award was in substance, multiple awards. The Company estimates the fair value of stock options using the discounted cash flow valuation model. The cost is recorded under the head employee benefit expense in the statement of profit and loss with corresponding increase in "Share Based Payment Reserve".

l. Earnings per share (EPS)

Basic EPS amounts are computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares after deducting the shares held by the Sankalp Stock Trust. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as at the beginning of the year, unless issued at a later date. Dilutive potential equity shares are determined independently for each year presented.

m. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

n. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

The Company doesn't have any contigent assets or liabilities as on the balancesheet dates except as mentioned in the note 4.33.

o. Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

3. FIRST-TIME ADOPTION OF IND AS

The adoption of Ind AS was carried out in accordance with Ind AS 101, using 1 April, 2018 as the transition date. Ind AS 101 requires that all Ind AS standards that are effective for the first Ind AS Financial Statements be applied consistently and retrospectively for all periods presented. The resulting difference between the carrying amounts of the assets and liabilities in the financial statements under Ind AS and Previous GAAP as at the transition date are included in the reconciliations.

In preparing these financial statements, the Company has availed of certain exemptions and exceptions in accordance with Ind AS 101 as explained below:

I. Exemptions from retrospective application:

Following are the optional exemptions which the Company has opted to apply/not to apply:

i. **Business combinations exemption** - The Company has applied the exemption as provided in Ind AS 101 on non-application of Ind AS 103, Business Combinations to business combinations consummated prior to the transition date, pursuant to which goodwill arising from business combinations have been stated at the carrying amount recognized under Previous GAAP in Ind AS financial statements as at the date of transition.

ii. **Share-based payment transaction exemption** - Ind AS 102 Share-based Payment has not been applied to equity instruments in share-based payment transactions that vested before the transition date.

iii. **Property plant and equipment and intangible assets**

As per Ind AS 101 an entity may elect to:

(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date;

(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:

- fair value;
- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(iii) use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS which are measured in accordance with previous GAAP.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets also. The Company has disclosed the net carrying amount of property, plant and equipment and intangible assets as its deemed cost as at the date of transition.

II. Exceptions from full retrospective application

i. **Estimates exception** - Upon review of the estimates made under Previous GAAP, the Company concluded that there was no necessity to revise the estimates under Ind AS except where estimates were required by Ind AS and not required by Previous GAAP.

ii. **Derecognition of financial assets and liabilities exception** - Financial assets and liabilities derecognized in accordance with Previous GAAP are not re-recognized under Ind AS. The Company has chosen not to apply the Ind AS 109 derecognition criteria to an earlier date. No arrangements were identified that had to be assessed under this exception.

III. Reconciliations:

The following reconciliations provide a quantification of the effect of the transition to Ind AS from Previous GAAP in accordance with Ind AS 101:

- Equity as at 1 April, 2018 (Transition date)
- Equity as at 31 March, 2019
- Statement of Profit and Loss for the year ended 31 March, 2019

Sankalp Semiconductor Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts are in ₹ in lakhs, except share data unless otherwise stated)

Reconciliation of equity as at 1 April 2018

(All amounts are in ₹ in lakhs)

	Note	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
I. ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	**4.1a**	676.49	-	676.49
(b) Right-of-use assets	**4.1b**	-	-	-
(c) Goodwill	**4.2**	300.04	-	300.04
(d) Other intangible assets	**4.3**	337.02	-	337.02
(e) Financial assets				
(i) Investments	**4.4**	196.27	-	196.27
(ii) Loans	**4.5**	183.48	(180.48)	3.00
(iii) Other financial assets	**4.6**	83.22	(32.51)	50.71
(f) Deferred tax assets (net)	**4.22**	250.83	-	250.83
(g) Other non-current assets	**4.7**	68.62	-	68.62
(h) Non current tax assets (net)		930.27	6.11	936.38
		3,026.24	**(206.88)**	**2,819.36**
(2) Current assets				
(a) Financial assets				
(i) Trade receivables	**4.8**	2,559.14	-	2,559.14
(ii) Cash and cash equivalents	**4.9(a)**	868.13	6.40	874.53
(iii) Other bank balances	**4.9(b)**	0.71	-	0.71
(iv) Loans	**4.5**	25.84	-	25.84
(v) Other financial assets	**4.6**	125.66	-	125.66
(b) Other current assets	**4.10**	209.01	31.41	240.42
		3,788.49	**37.81**	**3,826.30**
TOTAL ASSETS		**6,814.73**	**(169.07)**	**6,645.66**
II. EQUITY				
(a) Equity share capital	**4.11**	1,175.87	(1,056.60)	119.27
(b) Other equity		3,008.87	(140.88)	2,867.99
TOTAL EQUITY		**4,184.74**	**(1,197.48)**	**2,987.26**
III. LIABILITIES				
(1) Non - current liabilities				
(a) Financial liabilities				
(i) Borrowings	**4.12**	21.52	-	21.52
(ii) Lease liabilities	**4.25**	-	-	-
(iii) Other financial liabilities	**4.13**	197.36	1,025.98	1,223.34
(c) Provisions	**4.14**	257.47	58.76	316.23
		476.35	**1,084.74**	**1,561.09**
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	**4.12**	314.21	-	314.21
(ii) Trade payables	**4.15**	181.28	-	181.28
(iii) Lease liabilities	**4.25**	-	-	-
(iv) Other financial liabilities	**4.13**	1,249.22	0.20	1,249.42
(b) Other current liabilities	**4.16**	259.64	-	259.64
(c) Provisions	**4.14**	149.29	(56.53)	92.76
		2,153.64	**(56.33)**	**2,097.31**
TOTAL EQUITY AND LIABILITIES		**6,814.73**	**(169.07)**	**6,645.66**

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

Reconciliation of equity as at 31 March 2019

(All amounts are in ₹ in lakhs)

	Note	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
I. ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	**4.1a**	1,099.00	-	1,099.00
(b) Right-of-use assets	**4.1b**	-	-	-
(c) Goodwill	**4.2**	178.17	121.87	300.04
(d) Other intangible assets	**4.3**	773.00	-	773.00
(e) Financial assets				
(i) Investments	**4.4**	196.27	-	196.27
(ii) Loans	**4.5**	72.98	(72.98)	-
(iii) Other financial assets	**4.6**	123.63	(44.83)	78.80
(f) Deferred tax assets (net)	**4.22**	243.29	(23.96)	219.33
(g) Other non-current assets	**4.7**	16.42	-	16.42
(h) Non current tax assets (net)		1,310.29	-	1,310.29
		4,013.05	**(19.90)**	**3,993.15**
(2) Current assets				
(a) Financial assets				
(i) Trade receivables	**4.8**	2,348.57	-	2,348.57
(ii) Cash and cash equivalents	**4.9(a)**	868.21	0.85	869.06
(iii) Other bank balances	**4.9(b)**	2.90	-	2.90
(iv) Loans	**4.5**	40.32	-	40.32
(v) Other financial assets	**4.6**	335.53	-	335.53
(b) Other current assets	**4.10**	249.95	42.38	292.33
		3,845.48	**43.23**	**3,888.71**
TOTAL ASSETS		**7,858.53**	**23.33**	**7,881.86**
II. EQUITY				
(a) Equity share capital	**4.11**	1,175.87	(1,056.60)	119.27
(b) Other equity		3,549.18	(120.24)	3,428.94
TOTAL EQUITY		**4,725.05**	**(1,176.84)**	**3,548.21**
III. LIABILITIES				
(1) Non - current liabilities				
(a) Financial liabilities				
(i) Borrowings	**4.12**	154.21	-	154.21
(ii) Lease liabilities	**4.25**	-	-	-
(iii) Other financial liabilities	**4.13**	123.17	1,198.65	1,321.82
(c) Provisions	**4.14**	359.72	(1.14)	358.58
		637.10	**1,197.51**	**1,834.61**
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	**4.12**	242.10	-	242.10
(ii) Trade payables	**4.15**	294.25	-	294.25
(iii) Lease liabilities	**4.25**	-	-	-
(iv) Other financial liabilities	**4.13**	1,673.28	0.21	1,673.49
(b) Other current liabilities	**4.16**	165.95	-	165.95
(c) Provisions	**4.14**	120.80	2.45	123.25
		2,496.38	**2.66**	**2,499.04**
TOTAL EQUITY AND LIABILITIES		**7,858.53**	**23.33**	**7,881.86**

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

Sankalp Semiconductor Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts are in ₹ in lakhs, except share data unless otherwise stated)

Reconciliation of Profit and Loss for the year ended 31 March 2019

(All amounts are in ₹ in lakhs)

	Note	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
I. Revenue				
Revenue from operations	**4.17**	12,194.58	-	12,194.58
Other income	**4.18**	84.99	6.08	91.07
Total income		**12,279.57**	**6.08**	**12,285.65**
II. Expenses				
Employee benefits expense	**4.19**	8,760.71	(29.06)	8,731.65
Finance costs	**4.20**	64.32	172.69	237.01
Depreciation and amortization expense	**4.1, 4.2 & 4.3**	763.58	(121.88)	641.70
Other expenses	**4.21**	2,122.03	7.54	2,129.57
Total expenses		**11,710.64**	**29.29**	**11,739.93**
III. Profit before tax		**568.93**	**(23.21)**	**545.72**
IV. Tax expense				
Current tax	**4.22**	184.61	0.57	185.18
Tax for previous years		(163.53)	6.28	(157.25)
Deferred tax charge		7.54	28.54	36.08
Deferred tax charge for previous years		-	3.25	3.25
Total tax expense		28.62	38.64	67.26
V. Profit for the year		**540.31**	**(61.85)**	**478.46**
VI. Other comprehensive income	**4.23**			
(i) Items that will not be reclassified to statement of profit and loss		-	(28.15)	(28.15)
(ii) Income tax on items that will not be reclassified to statement of profit and loss			7.83	7.83
VII. Total other comprehensive income		-	(20.32)	(20.32)
VIII. Total comprehensive income for the year		**540.31**	**(82.17)**	**458.14**

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

Sankalp Semiconductor Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts are in ₹ in lakhs)

4. Notes to financial statements

4.1a Property, plant and equipment

The changes in the carrying value for the year ended 31 March 2020

	Freehold land	Buildings	Lease hold improvements	Networking equipments	Office equipments	Electrical installations	Computers	Furniture and fixtures	Total
Gross block as at 1 April 2019	**33.79**	**663.60**	**12.69**	**52.25**	**117.10**	**92.10**	**166.75**	**114.51**	**1,252.79**
Additions	-	16.17	0.30	35.54	37.30	0.13	28.71	3.90	**122.05**
Gross block as at 31 March 2020	**33.79**	**679.77**	**12.99**	**87.79**	**154.40**	**92.23**	**195.46**	**118.41**	**1,374.84**
Accumulated depreciation as at 1 April 2019	**-**	**25.12**	**2.83**	**15.00**	**23.90**	**18.60**	**44.24**	**24.10**	**153.79**
Charge for the year	-	31.86	3.43	19.67	39.29	20.11	65.30	27.17	**206.83**
Accumulated depreciation as at 31 March 2020	**-**	**56.98**	**6.26**	**34.67**	**63.19**	**38.71**	**109.54**	**51.27**	**360.62**
Net block as at 31 March 2020	**33.79**	**622.79**	**6.73**	**53.12**	**91.21**	**53.52**	**85.92**	**67.14**	**1,014.22**

The changes in the carrying value for the year ended 31 March 2019

	Freehold land	Buildings	Lease hold improvements	Networking equipments	Office Equipments	Electrical installations	Computers	Furniture and fixtures	Total
Deemed cost as at 1 April 2018	**33.79**	**395.21**	**6.96**	**26.33**	**44.44**	**51.75**	**46.02**	**71.99**	**676.49**
Additions	-	268.39	5.73	25.92	72.66	40.35	120.73	42.52	**576.30**
Gross block as at 31 March 2019	**33.79**	**663.60**	**12.69**	**52.25**	**117.10**	**92.10**	**166.75**	**114.51**	**1,252.79**
Accumulated depreciation as at 1 April 2018	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Charge for the year	-	25.12	2.83	15.00	23.90	18.60	44.24	24.10	**153.79**
Accumulated depreciation as at 31 March 2019	**-**	**25.12**	**2.83**	**15.00**	**23.90**	**18.60**	**44.24**	**24.10**	**153.79**
Net block as at 31 March 2019	**33.79**	**638.48**	**9.86**	**37.25**	**93.20**	**73.50**	**122.51**	**90.41**	**1,099.00**
Net block as at 1 April 2018	**33.79**	**395.21**	**6.96**	**26.33**	**44.44**	**51.75**	**46.02**	**71.99**	**676.49**

Note: Refer note 4.12 towards charge created on assets.

4.1b Right-of-use assets

The changes in the carrying value for the year ended 31 March 2020

	Right to use assets
Gross block as at 1 April 2019	-
Additions	1,363.73
Gross block as at 31 March 2020	**1,363.73**
Accumulated depreciation as at 1 April 2019	-
Charge for the year	296.87
Accumulated depreciation as at 31 March 2020	**296.87**
Net block as at 31 March 2020	**1,066.86**

4.2 Goodwill

The changes in the carrying value of goodwill balances by reportable segment, for the year ended 31 March 2020

	Total
Opening balance as at 1 April 2019	300.04
Closing balance as at 31 March 2020	**300.04**

The changes in the carrying value of goodwill balances by reportable segment, for the year ended 31 March 2019

	Total
Opening balance as at 1 April, 2018 as per Previous GAAP	300.04
Effects of transition	-
Opening balance as at 1 April, 2018 as per Ind AS	**300.04**
Closing balance as at 31 March 2019	**300.04**

4.3 Other intangible assets

The changes in the carrying value for the year ended 31 March 2020

	Software
Gross block as at 1 April 2019	**1,260.91**
Additions	379.83
Gross block as at 31 March 2020	**1,640.74**
Accumulated depreciation as at 1 April 2019	**487.91**
Charge for the year	409.90
Accumulated depreciation as at 31 March 2020	**897.81**
Net block as at 31 March 2020	**742.93**

The changes in the carrying value for the year ended 31 March 2019

	Software
Deemed cost as at 1 April 2018	**337.02**
Additions	923.89
Gross block as at 31 March 2019	**1,260.91**
Accumulated depreciationas at 1 April 2018	-
Charge for the year	487.91
Accumulated depreciationas at 31 March 2019	**487.91**
Net block as at 31 March 2019	**773.00**
Net block as at 1 April 2018	**337.02**

The key assumptions used in the estimation of the recoverable amount are set out below:

Assumptions	31 March 2020	31 March 2019
Annual growth rate	20.00%	20.00%
Terminal growth rate	2.00%	2.00%
Discount rate	11.00%	11.00%

The values assigned to the key assumptions represent management's assessment of future trends and based on historical data from both external and internal sources. Discount rate reflects the current market assessment of the risks specific to a CGU or group of CGUs.The cash flow projections included specific estimates developed using internal forecasts. The planning horizon reflects the assumptions for short-to-midterm market developments. The Company believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

The estimated recoverable amount of the CGU exceeded its carrying amount, hence impairment is not triggered.

4.4 Investments

	As at		
	31 March 2020	**31 March 2019**	**1 April 2018**
Financial assets			
Non - current			
Unquoted Investment			
Equity instrument in subsidiary companies carried at cost			
Nil (1,799 shares on 31 March 2019, 1,799 shares on 1 April 2018) equity shares of ₹ 10 each, fully paid up of ekLakshya VLSI Research and Development Centre Private Limited	-	0.18	0.18
153 (153 shares on 31 March 2019, 153 shares on 1 April 2018) equity shares of USD 400 each, fully paid up of Sankalp USA Inc	28.56	28.56	28.56
25,000 (25,000 shares on 31 March 2019, 25,000 shares on 1 April 2018) equity shares of Euro 1 each, fully paid up of Sankalp Semiconductor GMBH, Germany	17.87	17.87	17.87
1,600,000 (1,600,000 shares on 31 March 2019, 1,600,000 shares on 1 April 2018) equity shares of 5 Canadian Cents each, fully paid up of Sankalp Semiconductor Inc, Canada	44.48	44.48	44.48
860,000 equity shares of ₹ 9.27 each and 1,290,000 (1,290,000 shares on 31 March 2019, 1,290,000 shares on 1 April 2018) equity shares of ₹ 2 Each each, fully paid up of Sankguj Semiconductor Private Limited	105.50	25.80	25.80
500,000 (500,000 shares on 31 March 2019, 500,000 shares on 1 April 2018) equity shares of 1 Malysian Ringget each, fully paid up of Sankalp Semiconductor SDN BDH	79.38	79.38	79.38
10,000 (10,000 shares on 31 March 2019, 10,000 shares on 1 April 2018) equity shares of ₹ 10 each, fully paid up of Unified Softech Private Limited	10.00	10.00	10.00
Less: Provision for dimunition in value of investment of			
Unified Softech Private Limited	(10.00)	(10.00)	(10.00)
Sankalp USA Inc	(28.56)	-	-
Sankguj Semiconductor Private Limited	(105.50)	-	-
Sankalp Semiconductor SDN BDH	(63.90)	-	-
	77.83	**196.27**	**196.27**

4.5 Financial assets - Loans

	As at		
	31 March 2020	**31 March 2019**	**1 April 2018**
Non - current			
Carried at amortized cost			
Unsecured , considered good			
Entrusted loan receivable from related parties (refer note 4.29)	20.00	-	-
Entrusted loan receivable from other than related parties	-	-	3.00
	20.00	**-**	**3.00**
Current			
Carried at amortized cost			
Unsecured , considered good			
Entrusted loan receivable from related parties (refer note 4.29)	-	20.00	-
Entrusted loan receivable from other than related parties	-	5.00	13.00
Loans	7.50	15.32	12.84
	7.50	**40.32**	**25.84**

4.6 Other financial assets

	As at		
	31 March 2020	**31 March 2019**	**1 April 2018**
Non - current			
Carried at amortized cost			
Interest receivable	-	0.24	0.21
Security deposits	87.29	78.56	50.50
	87.29	**78.80**	**50.71**
Current			
Carried at amortized cost			
Unbilled revenue	918.05	144.64	77.82
Unbilled revenue from related parties (refer note 4.29)	231.24	190.89	47.84
Earnest money deposit	6.55	-	-
	1,155.84	**335.53**	**125.66**

4.7 Other non- current assets

	As at		
	31 March 2020	**31 March 2019**	**1 April 2018**
Unsecured considered good			
Prepaid expenses	4.11	-	-
Others	5.77	16.42	15.39
Capital advances	-	-	53.23
	9.88	**16.42**	**68.62**

4.8 Trade receivables

	As at		
	31 March 2020	**31 March 2019**	**1 April 2018**
Current			
Unsecured considered good [(1)]	2,305.68	2,348.57	2,559.14
Provision for doubtful receivables	-	-	-
	2,305.68	**2,348.57**	**2,559.14**

Note:-

1. Includes receivables from related parties amounting to ₹ 682.32 lakhs on 31 March 2020 (₹ 1,043.93 lakhs on 31 March 2019, ₹ 1,073.20 lakhs on 1 April 2018) (refer note 4.29)

4.9 Cash and bank balances

	As at		
	31 March 2020	**31 March 2019**	**1 April 2018**
(a) Cash and cash equivalent			
Balance with banks			
- in current accounts	463.88	869.06	874.53
Cash in transit	231.29	-	-
	695.17	**869.06**	**874.53**
(b) Other bank balances			
Deposits with remaining maturity of more than 3 months but up to 12 months	-	2.90	0.71
	695.17	**871.96**	**875.24**

4.10 Other current assets

	As at		
	31 March 2020	**31 March 2019**	**1 April 2018**
Unsecured, considered good			
Advances to employees	126.45	41.76	34.14
Advances to suppliers	19.03	10.68	4.80
Others			
Prepaid expenses	239.32	238.07	200.57
Other receivables	-	0.05	0.11
Other receivables from related parties (refer note 4.29)	3.98	1.77	0.80
	388.78	**292.33**	**240.42**

Sankalp Semiconductor Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts are in ₹ in lakhs except share data unless otherwise stated)

4.11 Share capital

	As at		
	31 March 2020	**31 March 2019**	**1 April 2018**
Authorized			
18,000,000 (31 March 2019, 18,000,000 , 1 April 2018, 18,000,000) equity shares of ₹ 2 each	360	360	360
1,100,000 (31 March 2019, 1,100,000, 1 April 2018, 1,100,000) preference shares of ₹ 100 each	1,100	1,100	1,100
Issued, subscribed and paid up share capital			
7,589,107 (31 March 2019, 5,963,569, 1 April 2018, 5,963,569) equity shares ₹ 2 each fully paid up	151.78	119.27	119.27

Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called upon shares may lead to forfeiture of the shares.
On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

Reconciliation of the number of shares outstanding at the beginning and at the end of the financial year

	As at			
	31 March 2020		**31 March 2019**	
	No. of shares	Amount in ₹ in lakhs	No. of shares	Amount in ₹ in lakhs
Number of shares at the beginning	5,963,569	119.27	5,963,569	119.27
Add: Conversion of preference shares to equity shares [1]	1,625,538	32.51	-	-
Number of shares at the end	7,589,107	151.78	5,963,569	119.27

Note:
[1] In the earlier years, the company had issued the Cumulative Convertible Redeemable Preference Shares ("CCRPS"). The CCRPS are convertible into equity shares at any time at the sole discretion of the CCRPS holders either in full, or in part. Further, they shall be automatically converted into equity shares upon the earlier of (i) one day prior to the expiry of ten years from the date of allotment or (ii) in case of initial public offering by the Company, one day prior to the filing of prospectus by the Company with the competent authority. During the year, all the CCRPS shares are converted into 1,625,538 equity shares as per the share subscription agremeent dated 03 April 2017.

Details of shareholders holding more than 5 % shares in the company:-

Name of the shareholder	As at					
	31 March 2020		**31 March 2019**		**1 April 2018**	
	No. of shares	% holding in the class	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of ₹ 2 each fully paid						
HCL Technologies Limited	7,434,307	97.96%	-	-	-	-
Samir Patel	-	-	1,644,410	27.57%	1,560,000	26.16%
Stake Boat Capital Fund-I	-	-	1,426,679	23.92%	1,376,679	23.08%
Vivek G Pawar	-	-	820,571	13.76%	920,571	15.44%
Nagaraj Azhakesan	-	-	617,500	10.35%	342,500	5.74%
Sankalp Stock Trust	154,800	2.04%	583,081	9.78%	792,489	13.29%

Sankalp Semiconductor Private Limited ("SSPL") has been acquired by HCL Technologies Limited (HCL) through acquisition of 97.96% shares in SSPL on 10 October 2019. Sankalp Semiconductor Inc, Sankalp USA Inc, Sankguj Semiconductor Private Limited, Sankalp Semicondcutor SDN BHD, Sankalp Semiconductor GMBH are fully owned subsidiaries of SSPL. Hence HCL became the ultimate holding company of all the SSPL subsidieries.
As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.
The Company has not issued any bonus shares or shares other than cash or done a buyback of shares in the immediately preceding five years.

4.12 Borrowings

	Non-current			Current		
	As at			As at		
	31 March 2020	**31 March 2019**	**1 April 2018**	**31 March 2020**	**31 March 2019**	**1 April 2018**
Long term borrowings						
Secured						
Term loans from banks (refer note 1,2,3 & 4 below)	-	222.39	151.39	-	-	-
Short term borrowings						
Secured						
PCFC (refer note 5 below)	-	-	-	-	242.10	309.00
Bank overdraft (refer note 6 below)	-	-	-	-	-	5.21
	-	**222.39**	**151.39**	**-**	**242.10**	**314.21**
Current maturities of long term borrowings disclosed under Note 4.13 "Other financial liabilities"	-	68.18	129.87	-	-	-
	-	**154.21**	**21.52**	**-**	**242.10**	**314.21**

4.12 Borrowings (continued)

Note:-

1. Term loan of ₹ Nil (31 March 2019 ₹ 9.58 lakhs, 1 April 2018 ₹ 30.71 lakhs) is an Indian currency term loan obtained by the Company from Axis Bank during the financial year 2013-14 and was subsequently converted to foreign currency term loan (USD) in same financial year at USD 2 lakhs. The loan carries an interest rate of 12 months LIBOR + 510 basis points + upfront fees of 275 basis points per annum payable monthly and is repayable in 72 monthly instalments of USD 2,778. This loan was secured against land and building and the movable assets (except motor vehicles) of the Company. During the year the loan has been repaid fully.

2. Term loan of ₹ Nil (31 March 2019 ₹ Nil, 1 April 2018 ₹ 66.43 lakhs) is an Indian currency term loan obtained by the Company from Axis Bank during the financial year 2013-14 and was subsequently converted to foreign currency term loan (US Dollars) in financial year 2014-15. The loan carries an interest rate of LIBOR (6 months) + 440 basis points, payable monthly and is repayable in 67 monthly instalments of USD 8,950 and last instalment being USD 350. This loan was secured against land and the movable assets (except motor vehicles) of the Company and further secured by personal guarantee of the directors of the Company. During the year ended 31 March 2019, the loan has been repaid fully.

3. Term loan of ₹ Nil (31 March 2019 ₹ 13.28 lakhs, 1 April 2018 ₹ 54.25 lakhs) is an Indian currency term loan obtained by the Company from Axis Bank during the financial year 2014-15 and was subsequently converted to foreign currency term loan (US Dollars) in same financial year. The loan carries an interest rate of LIBOR (6 months) + 440 basis points, payable monthly and is repayable in 53 monthly instalments of USD 5,350 and last instalment being USD 5,880. This loan was secured against land and the movable assets (except motor vehicles) of Company and further secured by personal guarantee of the directors of the Company. During the year the loan has been repaid fully.

4. Term loan of ₹ Nil (31 March 2019 ₹ 199.53 lakhs, 1 April 2018 ₹ Nil) is an Indian currency term loan obtained by the Company from Axis Bank during the financial year 2018-19 and was subsequently converted to foreign currency term loan (US Dollars) in same financial year. The loan carries an interest rate of LIBOR (1 year) + 440 basis points, payable monthly and is repayable in 58 monthly instalments of USD 5,365. This loan was secured against land and the movable assets (except motor vehicles) of Company and further secured by personal guarantee of the directors of the Company. During the year the loan has been repaid fully.

5. PCFC loan of ₹ Nil (31 March 2019 ₹ 242.10 lakhs, 1 April 2018 ₹ 309 lakhs) is against the PCFC loan facility of Rs. 1,000 lakhs from Axis Bank. It was secured against entire current assets, land and movable fixed assets and further secured by personal guarantee of the directors of the Company.This loan is repayable within 360 days or expiry of contract/export letters of credit for shipment, whichever is earlier and carries a floating Interest rate of Libor + 275 basis points for the first 180 days and Libor + 450 basis points for the next 180 days. During the year the loan has been repaid fully.

6. Cash credit and bank overdraft of ₹ Nil (31 March 2019 ₹ Nil, 1 April 2018 ₹ 5.21 lakhs) is against the sanctioned cash credit facility of Rs. 410 lakhs from Axis bank for working capital requirement of the Company which is completely interchangeable with Pre-shipment credit in foreign currency ("PCFC"), Export packing credit ("EPC") or Foreign bill discounting facility ("FBD") and carrying an interest rate of 11.15% per annum. There exists no specified repayment terms and the loan is considered to be repayable on demand. It was secured against current assets, movable fixed assets of the Company, land and building owned by the Company. During the year, the credit facility has been closed.

4.13 Other financial liabilities

	As at		
	31 March 2020	**31 March 2019**	**1 April 2018**
Non - current			
Carried at amortized cost			
Interra deferred payable	-	42.74	106.52
Capital creditors	172.40	-	-
Payable to employee for stock options	-	53.42	60.22
Preference shares classified as liability (refer note 4.11)	-	1,225.66	1,056.60
	172.40	**1,321.82**	**1,223.34**
Current			
Carried at amortized cost			
Current maturities of long term borrowings	-	68.18	129.87
Accrued salaries and benefits	151.12	734.93	707.08
Others			
Capital creditors	524.01	737.87	229.93
Interra deferred payable	-	76.09	71.55
Other financial liabilities	49.26	56.42	110.99
	724.39	**1,673.49**	**1,249.42**

4.14 Provisions

	As at		
	31 March 2020	**31 March 2019**	**1 April 2018**
Non - current			
Provision for employee benefits			
Provision for gratuity (refer note 4.28)	312.69	243.65	206.12
Provision for leave benefits	104.12	103.60	83.18
Provision for other benefits	36.78	11.33	26.93
	453.59	**358.58**	**316.23**
Current			
Provision for employee benefits			
Provision for gratuity (refer note 4.28)	54.08	50.16	28.78
Provision for leave benefits	66.27	70.28	57.52
Provision for other benefits	-	2.81	6.46
	120.35	**123.25**	**92.76**

4.15 Trade payables

	As at		
	31 March 2020	**31 March 2019**	**1 April 2018**
Trade payables	7.70	220.76	181.28
Trade payables-related parties (refer note 4.29)	-	26.97	-
Trade payables to micro enterprises and small enenterprises (refer note 4.30)	-	46.52	-
	7.70	**294.25**	**181.28**

4.16 Other liabilities

	As at		
	31 March 2020	**31 March 2019**	**1 April 2018**
Current			
Unearned revenue	22.71	-	-
Lease liability		-	-
Others liabilities	-	15.41	5.21
Withholding and other taxes payable	367.88	150.54	254.43
	390.59	**165.95**	**259.64**

4.17 Revenue from operations

	Year ended	
	31 March 2020	**31 March 2019**
Sale of services	14,570.45	12,194.58
	14,570.45	**12,194.58**

Disaggregate Revenue Information

The disaggregated revenue from contracts with the customers by contract type is as follows:

	Year ended	
	31 March 2020	**31 March 2019**
Time and material	12,521.34	11,061.31
Fixed price	2,049.11	1,133.27
	14,570.45	**12,194.58**

Revenue disaggregation as per geography has been included in segment information (Refer note 4.27).

The Company has evaluated the impact of COVID-19 resulting from (a) increase in cost budget of fixed price projects due to additional efforts; (b) onerous projects; (c) penalties for not meeting SLAs; (d) volume discounts; (e) termination/deferment of projects to ensure that revenue is recognised after considering all these impacts to the extent known and available currently. The Management would continue to assess COVID-19 impact as we go along due to uncertainties associated with its nature and duration.

4.18 Other income

	Year ended	
	31 March 2020	**31 March 2019**
Interest income		
- On fixed deposits	0.02	0.09
- On financial assets carried at amortized cost	262.31	6.07
- Others	3.36	30.53
Income on investments carried at fair value through profit and loss		
- Gains on mutual funds	11.26	30.01
- Gains on investment in equity shares of unlisted company	0.02	-
Foreign exchange fluctuation gain, net	24.69	-
Income under export incentive scheme	74.12	-
Miscellaneous income	88.45	24.37
	464.23	**91.07**

4.19 Employee benefits expenses

	Year ended	
	31 March 2020	**31 March 2019**
Salaries, wages and bonus	9,665.55	8,176.83
Contribution to provident fund and other employee funds	332.36	309.61
Staff welfare expenses	166.95	178.53
Share based payments to employees (refer note 4.36)	952.13	66.68
	11,116.99	**8,731.65**

4.20 Finance cost

	Year ended	
	31 March 2020	**31 March 2019**
Interest		
- on loans from banks	14.38	26.86
- exchange differences to the extent considered as an adjustment to borrowing costs	-	19.70
- on financial liabilities carried at amortized cost	111.53	172.67
- on financial leases carried at amortized cost	142.14	-
Bank charges	8.16	17.78
	276.21	**237.01**

4.21 Other expenses

	Year ended	
	31 March 2020	**31 March 2019**
Subcontracting charges	651.62	872.49
Travel and conveyance	317.30	321.50
Legal and professional charges	251.45	200.28
Loss on impairment of non current investments	197.96	-
Power and fuel	100.76	83.52
Repairs and maintenance	94.10	102.68
Communication costs	85.88	83.32
Office expenses	63.76	94.08
Business promotion	53.42	28.77
Rates and taxes	49.71	30.24
Bad debts	40.36	-
Security charges	27.31	29.43
Rent	20.36	236.76
Insurance	4.40	6.10
Audit fees (refer note 4.35)	14.00	9.62
Foreign exchange fluctuation loss, net	-	15.94
Corporate social responsibility expenditure (refer note 4.31)	7.31	9.31
Miscellaneous expenses	2.93	5.53
	1,982.63	**2,129.57**

Sankalp Semiconductor Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts are in ₹ in lakhs)

4.22 Income taxes

	Year ended	
	31 March 2020	**31 March 2019**
Income tax charged to statement of profit and loss		
Income tax expense for current year	559.24	185.18
Income tax expense for earlier years	(15.44)	(157.25)
Deferred tax (credit) / expense for current year	(14.09)	36.08
Deferred tax expense for earlier years	-	3.25
	529.71	**67.26**

The reconciliation between the Company's provision for income tax and amount computed by applying the statutory income tax rate in India is as follows:

	Year ended	
	31 March 2020	**31 March 2019**
Profit before income tax	745.25	545.72
Statutory tax rate in India	29.12%	27.82%
Expected tax expense	217.02	151.82
Permanent difference	275.80	26.59
True up of previous year provision	(15.44)	(154.00)
Income taxed at lower / higher rate	(7.54)	-
Others	59.87	42.85
Total tax expense	**529.71**	**67.26**
Effective income tax rate	71.08%	12.33%

Components of deferred tax assets as on 31 March 2020

	Opening balance	**Recognized in other comprehensive income**	**Recognized in profit and loss**	**Closing balance**
Deferred tax assets				
Accrued employee costs	151.61	6.31	30.27	188.19
Depreciation and amortization	58.45	-	(10.70)	47.75
Others	9.27	-	(5.48)	3.79
Total deferred tax assets	**219.33**	**6.31**	**14.09**	**239.73**

Components of deferred tax assets as on 31 March 2019

	Opening balance	**Recognized in other comprehensive income**	**Recognized in profit and loss**	**Closing balance**
Deferred tax assets				
Accrued employee costs	131.99	7.83	11.79	151.61
Depreciation and amortization	118.84	-	(60.39)	58.45
Others	-	-	9.27	9.27
Total deferred tax assets	**250.83**	**7.83**	**(39.33)**	**219.33**

4.23 Components of other comprehensive income attributable to shareholders of the Company

	For the year ended	
	31 March 2020	**31 March 2019**
A. Items that will not be reclassified to statement of profit and loss		
Retained earnings (Actuarial gain (loss) relating to defined benefit plan)		
Opening balance (net of tax)	(20.32)	-
Actuarial gains (losses) ((net of tax)	(15.38)	(20.32)
Closing balance (net of tax)	**(35.70)**	**(20.32)**

4.24 Earnings Per Share

The computation of earnings per share is as follows:

	Year ended	
	31 March 2020	**31 March 2019**
Net profit as per statement of profit and loss for computation of EPS	215.54	478.46
Weighted average number of equity shares outstanding in calculating basic EPS	6,577,124	5,380,488
Dilutive effect of Preference shares conversion	857,183	1,625,538
Weighted average number of equity shares outstanding in calculating dilutive EPS	7,434,307	7,006,026
Nominal value of equity shares (in ₹)	2.00	2.00
Earnings per equity share (in ₹)		
- Basic	3.28	8.89
- Diluted	2.90	6.83

4.25 Leases

The Company's significant leasing arrangements are in respect of leases for office spaces.

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

	Buildings
Balance as at 1 April 2019	-
Transition impact of Ind AS 116	1,363.73
Depreciation charge for the year	296.87
Balance as at 31 March 2020	**1,066.86**

The reconciliation of lease liabilities is as follows:

	Buildings
Balance as at 1 April 2019	-
Transition impact of Ind AS 116	1,379.14
Amounts recognized in statement of profit and loss as interest expense	142.14
Payment of lease liabilities	(338.74)
Balance as at 31 March 2020	**1,182.54**

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

	Buildings
Within one year	358.80
One to two years	349.34
Two to three years	262.12
Three to five years	535.14
Total lease payments	**1,505.40**
Imputed interest	**(322.86)**
Total lease liabilities	**1,182.54**

Certain lease agreements include options to terminate or extend the leases. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Most of the leases entered by the Company are long term in nature and the underlying leased properties are being used as delivery centers or offices. The Company 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 following table presents a maturity analysis of expected undiscounted cash flows for the finance lease obligation as on 31 March 2020:

	Total minimum lease payments outstanding	**Interest included in minimum lease payments**	**Present value of minimum lease payments**
Not later than one year	358.80	20.06	338.74
Later than one year and not later than 5 years	1,146.60	302.80	843.80
Balance as at 31 March 2020	**1,505.40**	**322.86**	**1,182.54**

4.26 Financial Instruments

(a) Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March 2020 is as follows:

	FVTPL	FVTOCI	Amortized cost	Total carrying value
Financial assets				
Investments	-	-	77.83	77.83
Trade receivables	-	-	2,305.68	2,305.68
Cash and cash equivalents	-	-	695.17	695.17
Loans	-	-	27.50	27.50
Others	-	-	1,243.13	1,243.13
Total	-	-	4,349.31	4,349.31
Financial liabilities				
Trade payables	-	-	7.70	7.70
Lease liabilities	-	-	1,182.54	1,182.54
Others	-	-	896.79	896.79
Total	-	-	2,087.03	2,087.03

The carrying value of financial instruments by categories as at 31 March 2019 is as follows:

	FVTPL	FVTOCI	Amortized cost	Total carrying value
Financial assets				
Investments	-	-	196.27	196.27
Trade receivables	-	-	2,348.57	2,348.57
Cash and cash equivalents	-	-	869.06	869.06
Other bank balances	-	-	2.90	2.90
Loans	-	-	40.32	40.32
Others	-	-	414.33	414.33
Total	-	-	3,871.45	3,871.45
Financial liabilities				
Borrowings	-	-	396.31	396.31
Trade payables	-	-	294.25	294.25
Others	-	-	2,995.31	2,995.31
Total	-	-	3,685.87	3,685.87

The carrying value of financial instruments by categories as at 1 April 2018 is as follows:

	FVTPL	FVTOCI	Amortized cost	Total carrying value
Financial assets				
Investments	-	-	196.27	196.27
Trade receivables	-	-	2,559.14	2,559.14
Cash and cash equivalents	-	-	874.53	874.53
Other bank balances	-	-	0.71	0.71
Loans	-	-	28.84	28.84
Others	-	-	176.37	176.37
Total	-	-	3,835.86	3,835.86
Financial liabilities				
Borrowings	-	-	335.73	335.73
Trade payables	-	-	181.28	181.28
Others	-	-	2,472.76	2,472.76
Total	-	-	2,989.77	2,989.77

(b) Financial risk management

The Company is exposed to market risk, credit risk and liquidity risk which may impact the fair value of its financial instruments. The Company has a risk management policy to manage and mitigate these risks.

The Company's risk management policy aims to reduce volatility in financial statements while maintaining balance between providing predictability in the Company's business plan along with reasonable participation in market movement.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk and interest rate risk. The Company is primarily exposed to fluctuation in foreign currency exchange rates.

4.26 Financial instruments (continued)

(i) Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in exchange rates. The Company's exposure to the risk of changes in exchange rates relates primarily to the Company's operations and the Company's net investments in foreign subsidiaries.

The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than the functional currency of the respective entities and foreign currency forecasted revenue and cash flows. A significant portion of the Company revenue is in US Dollar and Canadian Dollar while a large portion of costs are in Indian rupees. The fluctuation in exchange rates in respect to India rupee may have potential impact on the statement of profit and loss and other comprehensive income and equity.

Appreciation / depreciation of 1% in respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before tax by approximately ₹ 17.03 lakhs for the year ended 31 March 2020.

The rate sensitivity is calculated by aggregation of the net foreign exchange exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 1% against the respective functional currencies of the Company. The sensitivity analysis presented above may not be representative of the actual change.

Non-derivative foreign currency exposure as of 31 March 2020, 31 March 2019 and 1 April 2018 in major currencies is as below:

	Net financial assets			Net financial liabilities		
	31 March 2020	31 March 2019	1 April 2018	31 March 2020	31 March 2019	1 April 2018
USD / INR	1,674.05	2,177.83	1,912.11	398.32	1,352.09	815.80
CAD / INR	155.92	59.63	112.46	-	-	-
EUR / INR	-	37.55	-	-	-	-
GBP / INR	-	-	92.41	-	-	-

(ii) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates arises on borrowings with floating interest rate.

Credit risk
Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and bank balances, inter-corporate deposits, trade receivables, unbilled revenue and investment in mutual funds. The cash resources of the Company are invested with mutual funds, banks, financial institutions and corporations after an evaluation of the credit risk. By their nature, all such financial instruments involve risks, including the credit risk of non-performance by counterparties.

The customers of the Company are primarily corporations based in the India and United States of America and accordingly, trade receivables are concentrated in the respective countries. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivables.

Trade receivables and unbilled receivables have been valued after making reserve for allowances based on the expected credit loss method, considering factors like ageing, likelihood of increased credit risk and expected realizability, nature of customer verticals, considering impact of COVID – 19 impact on customers and related customer verticals.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The investment philosophy of the Company is capital preservation and liquidity in preference to returns. The Company consistently generates sufficient cash flows from operations and has access to multiple sources of funding to meet the financial obligations and maintain adequate liquidity for use.

Maturity profile of the Company's financial liabilities based on contractual payments is as below:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Total
As at 31 March 2020										
Trade payables	7.70	-	-	-	-	-	-	-	-	7.70
Lease liabilities	251.41	259.83	196.78	237.37	174.14	63.01	-	-	-	1,182.54
Other financial liabilities	724.39	172.40	-	-	-	-	-	-	-	896.79
Total	**983.50**	**432.23**	**196.78**	**237.37**	**174.14**	**63.01**	**-**	**-**	**-**	**2,087.03**
As at 31 March 2019										
Trade payables	294.25		-	-	-	-	-	-	-	294.25
Borrowings	242.10	48.69	48.69	48.69	8.14	-	-	-	-	396.31
Preference shares classified as liabiity	-	-	-	-	-	-	-	1,225.66	-	1,225.66
Other financial liabilities	1,673.49	96.16	-	-	-	-	-	-	-	1,769.65
Total	**2,209.84**	**144.85**	**48.69**	**48.69**	**8.14**	**-**	**-**	**1,225.66**	**-**	**3,685.87**
As at 1 April 2018										
Trade payables	181.28	-	-	-	-	-	-	-	-	181.28
Borrowings	314.21	21.52	-	-	-	-	-	-	-	335.73
Preference shares classified as liabiity	-	-	-	-	-	-	-	-	1,056.60	1,056.60
Other financial liabilities	1,249.42	131.77	34.97	-	-	-	-	-	-	1,416.16
Total	**1,744.91**	**153.30**	**34.97**	**-**	**-**	**-**	**-**	**-**	**1,056.60**	**2,989.77**

Other risks - Impacts of COVID-19

Financial assets of ₹ 695.17 lakhs as at 31 March 2020 carried at amortised cost in the form of cash and cash equivalents. Trade receivables and contract assets of ₹ 3,454.97 lakhs, security deposits of ₹ 87.29 lakhs, Investments of ₹ 77.83 and other loans and advances of ₹ 27.50 lakhs as at 31 March 2020 are carried at amortised cost, which is valued considering provision for allowance using expected credit loss method.

4.27 Segment Reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available and their results are reviewed regularly by the chief operating decision maker (CODM), for allocation of resources and assessing performance. The Company operates in one business segment viz. providing design services to semiconductor services, which is the primary segment of the Company. The information for the same is available directly in the balance sheet and the statement of profit and loss, hence, no separate disclosures, required under Ind AS 108, Segment Reporting, have been made here.

4.27 Segment Reporting (continued)

Geographical Information
The geographical information based on customer location, information related to which is given as under for the year ended 31 March 2020 and 31 March 2019 are as follows:

	As at	
	31 March 2020	**31 March 2019**
Revenue from operations		
India	7,047.76	6,908.81
United States of America	6,636.49	4,506.31
Rest of the World	886.20	779.46
Total	**14,570.45**	**12,194.58**
Trade receivables		
India	866.38	886.12
United States of America	1,283.37	1,316.84
Others	155.93	145.61
Total	**2,305.68**	**2,348.57**
Segment wise unbilled revenue		
India	495.59	142.56
United States of America	592.81	94.14
Others	60.89	98.83
Total	**1,149.29**	**335.53**

Note:
1. All the Property, plant and equipments, right of use assets, goodwill, other intangible assets and other non current assets are based in India.

2. During the year ended 31 March 2020 and 2019, revenue from customers having more than 10% of total revenue of the company constitutes 51% and 57% respectively and top five customers accounted for 66% & 63% of the total revenue of the Company respectively.

4.28 Employee benefits

The Company has calculated the various benefits provided to employees as shown below:

A. Defined contribution plans and state plans
Employer's contribution to Employees State Insurance
Employer's contribution to Provident fund & Employee Pension Scheme

During the year the Company have recognized the following amounts in the statement of profit and loss :-

	Year ended	
	31 March 2020	**31 March 2019**
Employer's contribution to Employees State Insurance	8.75	16.91
Employer's contribution to Provident fund & Employee Pension Scheme	323.32	292.25
Total	**332.07**	**309.16**

B. Defined benefit plans
a) Gratuity

Gratuity
The following table sets out the status of the gratuity plan :
Statement of profit and loss

	Year ended	
	31 March 2020	**31 March 2019**
Current Service cost	88.26	60.86
Interest cost (net)	19.83	14.90
Amount recognised in Statement of profit and loss	**108.09**	**75.76**

Balance Sheet

	As at		
	31 March 2020	**31 March 2019**	**1 April 2018**
Defined benefit obligations	412.38	348.31	284.92
Less: Fair value of plan assets	(45.61)	(54.50)	(50.02)
Net plan liability	**366.77**	**293.81**	**234.90**
Current defined benefit obligations	54.08	50.16	28.78
Non-current defined benefit obligations	312.69	243.65	206.12

4.28 Employee benefits (continued)

Changes in present value of the defined benefit obligations are as follows:

	Year ended	
	31 March 2020	**31 March 2019**
Opening defined benefit obligations	348.31	284.92
Current service cost	88.26	60.86
Interest cost	19.83	17.43
Re-measurement gains (losses) in Other comprehensive income ("OCI")		
Actuarial changes arising from changes in demographic assumptions	19.59	5.12
Actuarial changes arising from changes in financial assumptions	-	(0.00)
Experience adjustments	5.46	24.17
Benefits paid	(69.07)	(44.19)
Closing defined benefit obligations	**412.38**	**348.31**

Changes in fair value of the plan assets are as follows:

	Year ended	
	31 March 2020	**31 March 2019**
Opening fair value of plan assets	54.50	50.02
Interest income	1.82	2.53
Contributions	55.00	45.00
Re-measurement gains (losses) in OCI		
Return on plan assets, excluding amount recognized in interest income	3.36	1.14
Benefits paid	(69.07)	(44.19)
Closing fair value of plan assets	**45.61**	**54.50**

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity for the Company's plans are shown below:

	As at		
	31 March 2020	**31 March 2019**	**1 April 2018**
Discount rate	5.45%	6.70%	7.10%
Estimated rate of salary increases	7.00%	7.00%	7.00%
Attrition rate	26.00%	26.00%	26.00%
Retirement age	58 years	58 years	58 years

The estimates of future salary increases, considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Discount rate and future salary escalation rate are the key actuarial assumptions to which the defined benefit obligation are particularly sensitive. The following table summarizes the impact on defined benefit obligation as at 31 March 2020 arising due to increase / decrease in key actuarial assumptions by 50 basis points:

	Discount rate	**Salary escalation rate**
Impact of increase	396.82	413.05
Impact of decrease	413.25	396.92

The sensitivity analysis presented may not be representative of the actual change in the defined benefit obligations as sensitivities have been calculated to show the movement in defined benefit obligations in isolation and assuming there are no other changes in market conditions. There have been no changes from the previous years in the methods and assumptions used in preparing the sensitivity analyses.

The defined benefit obligations are expected to mature after 31 March 2020 and 31 March 2019 as follows:

Year ending 31 March 2020 and 31 March 2019	Cash flows	
	31 March 2020	**31 March 2019**
Year 1	99.69	104.66
Year 2	97.00	86.15
Year 3	114.13	90.48
Year 4	120.07	105.05
Year 5	112.60	107.66
Year 6	101.49	96.41
Year 7	87.01	85.29
Year 8	77.04	73.05
Year 9	62.65	64.39
- Thereafter	300.93	301.19

The weighted average duration to the payment of these cash flows is 4.06 years on 31 March 2020 and 3.86 on 31 March 2019.

Sankalp Semiconductor Private Limited
Notes to financial statements for the year ended 31 March 2020
(All amounts are in ₹ in lakhs)

4.29 Related party transactions

a) Related parties where control exists

Holding company details:

S. No.	Name of the Holding company	Country of Incorporation	Percentage holding as at		
			31 March 2020	31 March 2019	1 April 2018
1	HCL Technologies Limited	India	98%	0%	0%

List of subsidiaries as at 31 March 2020, 31 March 2019 and 1 April 2018 is as below:

S. No.	Name of the Subsidiaries	Country of Incorporation	Percentage holding as at		
			31 March 2020	31 March 2019	1 April 2018
1	Sankalp Semiconductor Gmbh, Germany	Germany	100%	100%	100%
2	Sankalp Semiconductor Inc., Canada	Canada	100%	100%	100%
3	Sankalp USA Inc.,	United States of America	100%	100%	100%
4	Sankguj Semiconductor Private Limited, Ahmedabad [(1)]	India	100%	60%	60%^
5	Sankalp Semiconductor Sdn BDH, Malaysia	Malaysia	100%	100%	100%^

^ incorporated during the year

[(1)] Sankguj Semiconductor Private Limtied became fully owned subsidiary with effect from 10 October 2019

Employee benefit trusts

Sankalp Semicondutor Private Limited Employees Group Gratuity Trust

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

Key Management Personnel

Nagaraj Azhakesan (Director) (upto 10 October 2019)
Samir Patel (Director) (upto 10 October 2019)
Praveen Nayak (Company Secretary) (upto 10 October 2019)
Anup Dutta (Director) (from 10 October 2019)
Venkata Varre Appa Rao (Director) (from 10 October 2019)
Subramanian Gopalakrishnan (Director) (from 10 October 2019)
Ameer Saithu (Director) (from 07 February 2020)

Non-Executive Directors

Chandrasekar Kandasamy (upto 10 October 2019)
Adithya Bharadwaj (upto 10 October 2019)

Transactions with related parties during the normal course of business	Holding company and subsidiaries	
	Year ended	
	31 March 2020	31 March 2019
Sale of services		
Sankalp Semiconductor Inc. Canada	870.87	665.27
Sankalp USA Inc.	2,969.63	3,014.80
Sankalp Semiconductor GmBH	-	37.55
HCL Technologies Limited	115.24	-
Accomodation charges reimbursed		
Sankalp Semiconductor Inc. Canada	15.74	54.64
Subcontracting charges		
Sankguj Semiconductor Private Limited	268.06	140.28
Sankalp Semiconductor SDN BHD	-	72.50
Current loans		
Sankguj Semiconductor Private Limited	20.00	20.00
Sankguj Semiconductor Private Limited (loan received back)	(20.00)	-
Interest income		
Sankguj Semiconductor Private Limited	2.43	1.08

Transactions with Key Managerial personnel during the year	Year ended	
	31 March 2020	31 March 2019
Managerial remuneration		
Vivek G Pawar	-	5.356
Nagaraj Azhakesan	145.168	56.685
Praveen Nayak	8.278	7.074

4.29 Related party transactions (continued)

c) Outstanding balances

	Holding company and subsidiaries		
	As at		
	31 March 2020	31 March 2019	1 April 2018
Trade receivables			
Sankalp Semiconductor Inc. Canada	155.92	59.63	112.46
Sankalp USA Inc.	526.40	946.75	960.74
Sankalp Semiconductor GmBH	-	37.55	-
Unbilled revenue			
Sankalp Semiconductor Inc. Canada	60.90	98.82	-
Sankalp USA Inc.	55.10	92.07	47.84
HCL Technologies Limited	115.24	-	-
Other receivables			
Sankalp Semiconductor SDN BHD	0.82	0.80	0.80
Sankguj Semiconductor Private Limited	3.15	0.97	-
Non-current loans			
Sankguj Semiconductor Private Limited	20.00	-	-
Current loans			
Sankguj Semiconductor Private Limited	-	20.00	-
Trade payables			
Sankguj Semiconductor Pvt Ltd	-	23.98	-
Sankalp Semiconductor SDN BHD	-	3.00	-
Corporate guarantee outstanding			
Sankalp USA Inc.(31 March 2020: Nil, 31 March 2019: USD 9.50 lakhs, 31 March 2018: USD 9.50 lakhs)	-	659.25	617.92

4.30 Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2020 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

During the year, the Company has identified Micro and Small Enterprise as defined in the Micro, Small and Medium Enterprises Development Act, 2006. Particulars of the dues to these parties are as under:

	Year ended	
	31 March 2020	31 March 2019
a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting year		
- principal	-	46.52
- interest	1.64	1.64
b) The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year		
- on account of interest	-	-
- on account of principal	-	46.52
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006	-	-
d) the amount of interest accrued and remaining unpaid at the end of each accounting year	-	1.64
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	1.64	1.64

4.31 Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a Company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief and rural development projects. A CSR committee has been formed by the company as per the Act.

a) Gross amount required to be spent by the Company during the year is ₹ 7.31 lakhs (Previous year : ₹ 9.31 lakhs)

b) Amount spent during the year ended 31 March 2020 on:

Particulars	Paid	Yet to be paid	Total
(i) Construction / acquisition of any asset	-	-	-
(ii) On purpose other than (i) above	7.31	-	7.31

c) Amount spent during the year ended 31 March 2019 on:

Particulars	Paid	Yet to be paid	Total
(i) Construction / acquisition of any asset	-	-	-
(ii) On purpose other than (i) above	9.31	-	9.31

4.32 Transfer pricing:

The Company has international transactions with associated enterprises which are subject to transfer pricing regulations in India. These regulations inter alia require maintenance of prescribed information and the documents for the basis of establishing arm's length price including furnishing a report from an accountant within the due date of filing the return of income. The Company has undertaken necessary steps to comply with the transfer pricing regulations and the prescribed certificate from the accountant will be obtained within the prescribed time-frame. The management is of the opinion that its transactions are at arm's length and hence the aforesaid legislations are not expected to have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

4.33 Contingent liabilities and commitments

Particulars	As at		
	31 March 2020	31 March 2019	1 April 2018
Contingent liabilities :			
Service tax claims not acknowledged as debts [(1)]	-	65.96	65.96
Guarantees [(2)]	-	659.25	617.92

[(1)] The amount disclosed above does not include interest under Section 74 and penalty under section 76, 77 and 78 of Finance Act, 1994 if any. During the year the Company has opted for the Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 to settle the claim and have satisfied all the obligations against the claim.

[(2)] The Company had during the earlier years provided guarantee in favour of Interra Inc. on behalf of its subsidiary Sankalp Inc. USA amounting to USD 9.50 lakhs (₹ 718.37 lakhs) [31 March 2019 USD 9.50 lakhs (₹ 657.13 lakhs), 31 March 2018 USD 9.50 lakhs (₹ 617.92 lakhs)], as per the business sale agreement dated 13 November 2015 between Interra Inc and Sankalp USA. During the year, the Company has discharged balance liability per the said agreement and the guarantee has been cancelled vide agreement dated 5 March 2020. Further, during the earlier years, one bank guarantee of ₹ 2.13 lakhs provided in favour of Assistant Commissioner of Income Tax, Hubballi against bank fixed deposit of same amount which is also has been cancelled during the year.

Additionally, the Company is also involved in other disputes and claims, including commercial matters, which arise from time to time in the ordinary course of busines. The Company believes that there are no such pending matters that are expected to have any material adverse effect on its financial statements.

4.34 Interra purchases

The Company has entered into a business sale agreement witth Interra Systems (India) Private Limited and Interra Inc. to buy the business undertaking under slump sale for Rs. 558.34 lakhs (USD 8.00 lakhs) and Rs. 663.03 lakhs (USD 9.50 lakhs) respectively as per the terms of the agreement dated 13 November 2015. The entire consideration which is payable on quarterly basis over a period of five years from the date of the agreement is treated as goodwill since the net assets taken over is Nil and being amortized over a period of five years. During the year, the Company has discharged balance liability per the agreement dated 5 March 2020.

4.35 Payment to auditors

	Year ended	
	31 March 2020	31 March 2019
Audit fees	9.00	7.62
Tax audit fees	1.00	1.00
Other services	4.00	1.00
	14.00	**9.62**

4.36 Employee stock options

The Company has following stock option plans:
a) Sankalp ESOP plan ("Scheme 1")
b) Sankalp ESOP 2012 plan ("Scheme 2")
c) Sankalp ESOP 2014 plan ("Scheme 3")
d) Sankalp Phantom Stock Plan, 2018 ("Scheme 4")

The salient features of these plans are as follows:

Particulars	Scheme 1	Scheme 2	Scheme 3	Scheme 4
Year of approval	2009-10	2012-13	2014-15	2018-19
Stock option pool	35,450	629,000	720,500	122,500
Vesting conditions	1 year from the date of grant	As per Various Schedule	As per Various Schedule	25% at the end of 2, 3, 4 and 5
Exercise period	10 years from vesting date	10 years from vesting date	10 years from vesting date	10 years from vesting date
Administration	ESOP Committee	ESOP Committee	ESOP Committee	NRC Committee

The stock options granted upto 31 March 2020 is as follows:

Particulars	Scheme 1	Scheme 2	Scheme 3	Scheme 4
Number of options granted	35,450	629,000	720,500	122,500

The cost recorded under the plans as at 31 March 2020 and 31 March 2019 is as follows:

Year ended 31 March	Scheme 1	Scheme 2	Scheme 3	Scheme 4	Total
2020	25.63	288.13	642.84	(4.47)	952.13
2019	0.73	12.52	48.96	4.47	66.68

The movement in the options under Scheme 1, Scheme 2, Scheme 3 and PSOP Scheme during the year ended 31 March 2020 is set out below:

Particulars	Scheme 1	Scheme 2	Scheme 3	Scheme 4
Options outstanding at the beginning of the year	15,341	172,500	374,500	117,500
Granted during the year	-	-	-	-
Options exercised during the year	15,341	172,500	219,700	-
Options forfeited/lapsed during the year	-	-	-	117,500
Options outstanding at the end of the year	-	-	154,800	-
Options exercisable at the end of the year	-	-	125,600	-
Weighted average exercise price (INR)	2	5	9	58
Weighted average remaining contractual life (years)	-	-	0.19	-

The movement in the options under Scheme 1, Scheme 2 and Scheme 3 during the year ended 31 March 2019 is set out below:

Particulars	Scheme 1	Scheme 2	Scheme 3	Scheme 4
Options outstanding at the beginning of the year	15,581	173,500	394,000	-
Granted during the year	-	-	-	122,500
Options exercised during the year	-	-	-	-
Options forfeited/lapsed during the year	240	1,000	19,500	5,000
Options outstanding at the end of the year	15,341	172,500	374,500	117,500
Options exercisable at the end of the year	15,341	172,500	216,950	-
Weighted average exercise price (INR)	2	5	9	58
Weighted average remaining contractual life (years)	-	-	1.19	4

For the purpose of valuation of fair value of shares, the Company has used discounted cash flow method.
The weighted average fair value of the Company's options granted during the year ended 31 March 2019 is Rs. 241 (Previous year : Rs. 74).
The Company has 154,800 outstanding options as at 31 March 2020. Towards the outstanding options, Company has recognised a sum of ₹ 335.24 lakhs and has classified as ESOP Reserve. The balance of share based payment liability as on 31 March 2020 is Nil and as on 31 March 2019 is ₹ 356.01 lakhs.

4.37 The financial statements are standalone financial statements of Sankalp Semiconductor Private Limited with consolidation of Sankalp Stock Trust per the requirements of Indian Accounting Standards (Ind AS).

As per our report of even date attached

***for* B S R & Associates LLP**
Chartered Accountants
Firm's registration number : 116231W/W-100024

ANKIT DAGA Digitally signed by ANKIT DAGA Date: 2020.08.24 20:35:58 +05'30'

Ankit Daga
Partner
Membership Number: 512486

Bengaluru, India
24 August, 2020

For and on behalf of the Board of Directors
of Sankalp Semiconductor Private Limited

ANUP DUTTA Digitally signed by ANUP DUTTA Date: 2020.08.24 18:29:36 +05'30'

SUBRAMANIAN GOPALAKRISHNAN Digitally signed by SUBRAMANIAN GOPALAKRISHNAN Date: 2020.08.24 18:30:05 +05'30'

Anup Kumar Tarapada Dutta
Director
DIN: 01051776

Subramanian Gopalakrishnan
Director
DIN: 06799278

Noida (UP), India
24 August, 2020