

B S R & Associates LLP

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Sankalp Semiconductor Inc.

Report on the Audit of Special Purpose Financial Statements

Opinion

We have audited the accompanying Special Purpose Financial Statements of Sankalp Semiconductor Inc. ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), the statement of changes in equity and statement of cash flows for the year then ended, and notes to the Special Purpose Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Special Purpose Financial Statements").

The Special Purpose Financial Statements have been prepared in accordance with the basis of the preparation as set out in Note 1.2(a) of the Special Purpose Financial Statements.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit (including other comprehensive income) and other changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("Act"). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Special Purpose Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Special Purpose Financial Statements.

Management's Responsibility for the Special Purpose Financial Statements

The Company's Management and Board of Directors are responsible for the preparation of these Special Purpose Financial Statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the basis of preparation as set out in Note 1.2 (a) to the Special Purpose Financial Statements. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Sankalp Semiconductor Inc.

Independent Auditors' Report (continued)

Management's Responsibility for the Special Purpose Financial Statements (continued)

In preparing the Special Purpose Financial Statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

B S R & Associates LLP

Sankalp Semiconductor Inc.

Independent Auditors' Report (continued)

Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements (continued)

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

The comparative financial information of the Company for the year ended 31 March 2019 and the transition date opening balance sheet as at 1 April 2018 included in these Special Purpose Financial Statements, are based on the previously issued Special Purpose Financial Statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2019 and 31 March 2018 dated 18 July 2019 and 22 August 2018, respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of this matter.

Basis of Accounting and Restrictions on Use

We draw attention to Note 1.2(a) to the Special Purpose Financial Statements, which describes the basis of accounting. As a result, the Special Purpose Financial Statements may not be suitable for another purpose.

For **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/W-100024



Ankit Daga

Partner

Membership No. 512486

UDIN: 20512486AAAAAI4286

Place: Bengaluru

Date: 21 July 2020

Sankalp Semiconductor Inc

Financial Statements

Year ended 31 March 2020

Sankalp Semiconductor Inc
Balance Sheet
(All amounts are in CAD)

	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	4.1	98	268	595
(2) Current assets		98	268	595
(a) Financial assets				
(i) Trade receivables	4.2	188,055	94,873	174,046
(ii) Cash and cash equivalents	4.3	937,025	569,609	386,033
(iii) Other financial assets	4.4	345,962	330,780	184,164
(b) Other current assets	4.5	5,585	-	-
		1,476,627	995,262	744,243
TOTAL ASSETS		1,476,725	995,530	744,838
II. EQUITY				
(a) Equity share capital	4.6	80,000	80,000	80,000
(b) Other equity		783,549	486,192	288,074
TOTAL EQUITY		863,549	566,192	368,074
III. LIABILITIES				
(1) Current liabilities				
(a) Financial liabilities				
(i) Trade payables	4.7	294,294	115,207	222,672
(ii) Other financial liabilities	4.8	128,056	225,869	37,050
(b) Other current liabilities	4.9	110,738	53,352	57,242
(c) Provisions	4.10	11,844	21,628	11,563
(d) Current tax liabilities (net)		68,244	13,282	48,237
		613,176	429,338	376,764
TOTAL EQUITY AND LIABILITIES		1,476,725	995,530	744,838

Summary of significant accounting policies

2

The accompanying notes are an integral part of the special purpose financial statements

As per our report of even date attached

for **BSR & Associates LLP**

Chartered Accountants

Firm's registration number : 116231W/W-100024


Ankit Daga

Partner

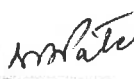
Membership Number: 512486

Bengaluru, India
22 July, 2020

For and on behalf of the Board of Directors
of Sankalp Semiconductor Inc


Ashok Uppet
Director

Ottawa, Canada
22 July, 2020


Samir Patel
Director

California, United States of America
22 July, 2020

Sankalp Semiconductor Inc
Statement of Profit and Loss
 (All amounts are in CAD)

	Note No.	Year ended 31 March 2020	Year ended 31 March 2019
I Revenue			
Revenue from operations	4.11	3,989,247	2,474,904
Other income	4.12	10,229	9,846
Total income		3,999,476	2,484,750
II Expenses			
Employee benefits expense	4.13	949,615	617,595
Finance costs	4.14	1,314	1,677
Depreciation and amortization expense	4.1	170	327
Other expenses	4.15	2,641,027	1,593,756
Total expenses		3,592,126	2,213,355
III Profit before tax		407,350	271,395
IV Tax expense			
Current tax	4.16	109,993	73,277
Total tax expense		109,993	73,277
V Profit for the year		297,357	198,118
Earnings per equity share of CAD 0.05 each	4.17		
Basic (in CAD)		0.19	0.12
Diluted (in CAD)		0.19	0.12

Summary of significant accounting policies

2

The accompanying notes are an integral part of the special purpose financial statements

As per our report of even date attached

for **BSR & Associates LLP**

Chartered Accountants

Firm's registration number : 116231W/W-100024


Ankit Daga

Partner

Membership Number: 512486

Bengaluru, India


22 July, 2020

**For and on behalf of the Board of Directors
 of Sankalp Semiconductor Inc**


Ashok Uppet
 Director

Ottawa, Canada

22 July, 2020


Samir Patel
 Director

California, United States of America

22 July, 2020

Sankalp Semiconductor Inc
Statement of Changes in Equity

(All amounts are in CAD except share data unless otherwise stated)

	Equity share capital		Other equity attributable
	Shares	Share capital	to the Shareholders of the Company Retained earnings
Balance as at 1 April 2018 as per Previous GAAP	1,600,000	80,000	288,074
Effects of transition	-	-	-
Balance as at 1 April 2018 as per Ind AS	1,600,000	80,000	288,074
Profit for the year	-	-	198,118
Balance as at 31 March 2019	1,600,000	80,000	486,192
Balance as at 1 April 2019	1,600,000	80,000	486,192
Profit for the year	-	-	297,357
Balance as at 31 March 2020	1,600,000	80,000	783,549

The accompanying notes are an integral part of the special purpose 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

Partner

Membership Number: 512486

Bengaluru, India
22 July, 2020

**For and on behalf of the Board of Directors
of Sankalp Semiconductor Inc**


Ashok Uppet
Director

Ottawa, Canada
22 July, 2020


Samir Patel
Director

California, United States of America
22 July, 2020

Sankalp Semiconductor Inc
Statement of Cash flows
(All amounts are in CAD)

	Year ended 31 March 2020	Year ended 31 March 2019
A. Cash flows from operating activities		
Profit before tax	407,350	271,395
Adjustment for:		
Depreciation and amortization	170	327
Interest income on bank accounts	(2,507)	(1,141)
Provision no longer required written back	-	(2,992)
Receivables written off	2,096	-
Unrealised foreign exchange gain, net	(15,688)	(2,744)
Operating profit before working capital changes	391,421	264,845
Movement in Working Capital		
(Increase) / decrease in trade receivables	(85,684)	78,939
Increase in other financial assets	(15,182)	(146,616)
Increase in other assets	(5,585)	-
Increase / (decrease) in trade payables	179,087	(107,465)
(Decrease) / increase in other financial liabilities	(97,813)	188,819
Increase in provisions and other liabilities	46,506	7,271
Cash generated from operations	412,750	285,793
Direct taxes paid (net of refunds)	(55,031)	(106,336)
Net cash flow generated from operating activities (A)	357,719	179,457
B. Cash flows from investing activities		
Interest earned on bank account	2,507	1,141
Net cash generated from investing activities (B)	2,507	1,141
C. Cash flows from financing activities		
Finance cost paid	-	-
Net cash used in financing activities (C)	-	-
Net increase in cash and cash equivalents (A+B+C)	360,226	180,598
Effect of exchange differences on cash and cash equivalents held in foreign currency	7,190	2,978
Cash and cash equivalents at the beginning of the year	569,609	386,033
Cash and cash equivalents at the end of the year as per note 4.3	937,025	569,609
Summary of significant accounting policies (Note 2)		

The accompanying notes are an integral part of the special purpose financial statements

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
Firm's registration number : J16231W/W-100024


Ankit Daga

Partner

Membership Number: 512486

Bengaluru, India
22 July, 2020

For and on behalf of the Board of Directors
of Sankalp Semiconductor Inc


Ashok Uppet
Director


Samir Patel
Director

Ottawa, Canada
22 July, 2020

California, United States of America
22 July, 2020

Sankalp Semiconductor Inc

Notes to special purpose financial statements for the year ended 31 March 2020

(All amounts are in CAD, except share data unless otherwise stated)

1. COMPANY OVERVIEW

1.1 Reporting entity

Sankalp Semiconductor Inc (hereinafter referred to as "the Company") is primarily engaged in providing a range of design services to semiconductor industry. The Company was incorporated in January 2014. During the year the registered office of the company is changed from 826 Riddell Avenue No, Ottawa, Ontario, K2A 2V9, Canada to 67, Shaughnessy Crescent, Ottawa, Ontario, Canada, K2K 2N1.

1.2 Basis of Preparation of financial statements

a) Statement of compliance

The special purpose special purpose financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

These special purpose financial statements have been prepared for inclusion in the consolidated special purpose financial statements of the ultimate holding Company, HCL Technologies Limited under the requirements of Section 129(3), of the Companies Act 2013.

The special purpose 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').

As these are the Company's first special purpose 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 special purpose special purpose financial statements for the year ended 31 March 2020 were approved and authorized for issue by the Board of Directors on 22 July 2020.

The preparation of these special purpose financial statements has resulted in changes to the Company's accounting policies as compared to the most recent annual special purpose financial statements prepared under Previous GAAP. Accounting policies have been applied consistently to all years presented in the special purpose 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

These special purpose financial statements are presented in Canadian Dollars (CAD), 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 special purpose financial statements have been prepared under the historical cost convention on an accrual and going concern basis.

Sankalp Semiconductor Inc

Notes to special purpose financial statements for the year ended 31 March 2020

(All amounts are in CAD, except share data unless otherwise stated)

d) Use of estimates and adjustments

The preparation of special purpose special purpose 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, and expenses that are reported and disclosed in the special purpose special purpose 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, allowance for uncollectible accounts receivables, income taxes, the useful lives of property, plant and equipment and other contingencies and commitments. Changes in estimates are reflected in the special purpose financial statements in the year in which the changes are made. Actual results could differ from those estimates.

e) 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 3.18 – 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.

Sankalp Semiconductor Inc**Notes to special purpose financial statements for the year ended 31 March 2020**

(All amounts are in CAD, except share data unless otherwise stated)

ii. 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.

Sankalp Semiconductor Inc

Notes to special purpose financial statements for the year ended 31 March 2020

(All amounts are in CAD, except share data unless otherwise stated)

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.

iii. 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.

iv. 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.

v. 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 contracts. 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.

Sankalp Semiconductor Inc

Notes to special purpose financial statements for the year ended 31 March 2020

(All amounts are in CAD, except share data unless otherwise stated)

Revenue from time and material contracts is recognised as the related services are rendered. Unbilled revenue represents revenue recognized in excess of billings as at the end of reporting period.

Revenues are stated net of applicable duties or taxes.

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

c) Income taxes

Income tax comprises current income 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.

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)
Computer and computer equipment	3

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

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.

Sankalp Semiconductor Inc

Notes to special purpose financial statements for the year ended 31 March 2020

(All amounts are in CAD, except share data unless otherwise stated).

e) 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 cash generating unit ("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.

f) 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.

g) Impairment of financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime

expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition

h) 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.

The Company has not issued any dilutive potential equity shares. The Diluted EPS of the company is same as EPS of the company.

i) 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 special purpose 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.



Sankalp Semiconductor Inc

Notes to special purpose financial statements for the year ended 31 March 2020

(All amounts are in CAD, except share data unless otherwise stated)

The company doesn't have any contingent assets or liabilities as on the balancesheet dates.

j) 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 Special purpose financial statements be applied consistently and retrospectively for all periods presented. There is no resulting difference between the carrying amounts of the assets and liabilities in the special purpose financial statements under Ind AS and Previous GAAP as at the transition date.

In preparing these special purpose 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. 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.



Sankalp Semiconductor Inc

Notes to special purpose financial statements for the year ended 31 March 2020

(All amounts are in CAD, except share data unless otherwise stated)

- 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.

III. Reconciliation between previous GAAP and Ind AS

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
- Standalone Statement of Profit and Loss for the year ended 31 March 2019

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Sankalp Semiconductor Inc**Notes to special purpose financial statements for the year ended 31 March 2020**

(All amounts are in CAD, except share data unless otherwise stated)

Reconciliation of Company equity as at 1 April 2018

(All amounts are in CAD)

	Note	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
I. ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	4.1	595	-	595
		<u>595</u>	<u>-</u>	<u>595</u>
(2) Current assets				
(a) Financial assets				
(i) Trade receivables	4.2	174,046	-	174,046
(ii) Cash and cash equivalents	4.3	386,033	-	386,033
(iii) Other financial assets	4.4	184,164	-	184,164
(b) Other current assets	4.5	-	-	-
		<u>744,243</u>	<u>-</u>	<u>744,243</u>
TOTAL ASSETS		<u>744,838</u>	<u>-</u>	<u>744,838</u>
II. EQUITY				
(a) Equity share capital	4.6	80,000	-	80,000
(b) Other equity		288,074	-	288,074
TOTAL EQUITY		<u>368,074</u>	<u>-</u>	<u>368,074</u>
III. LIABILITIES				
(1) Current liabilities				
(a) Financial liabilities				
(i) Trade payables	4.7	222,672	-	222,672
(ii) Other financial liabilities	4.8	37,050	-	37,050
(b) Other current liabilities	4.9	57,242	-	57,242
(c) Provisions	4.10	11,563	-	11,563
(d) Current tax liabilities (net)		48,237	-	48,237
		<u>376,764</u>	<u>-</u>	<u>376,764</u>
TOTAL EQUITY AND LIABILITIES		<u>744,838</u>	<u>-</u>	<u>744,838</u>

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

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Sankalp Semiconductor Inc**Notes to special purpose financial statements for the year ended 31 March 2020**

(All amounts are in CAD, except share data unless otherwise stated)

Reconciliation of Company equity as at 31 March 2019

(All amounts are in CAD)

	Note	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
I. ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	4.1	268	-	268
		<u>268</u>	<u>-</u>	<u>268</u>
(2) Current assets				
(a) Financial assets				
(i) Trade receivables	4.2	94,873	-	94,873
(ii) Cash and cash equivalents	4.3	569,609	-	569,609
(iii) Other financial assets	4.4	330,780	-	330,780
(b) Other current assets	4.5	-	-	-
		<u>995,262</u>	<u>-</u>	<u>995,262</u>
TOTAL ASSETS				
		<u>995,530</u>	<u>-</u>	<u>995,530</u>
II. EQUITY				
(a) Equity share capital	4.6	80,000	-	80,000
(b) Other equity		486,192	-	486,192
TOTAL EQUITY		<u>566,192</u>	<u>-</u>	<u>566,192</u>
III. LIABILITIES				
(1) Current liabilities				
(a) Financial liabilities				
(i) Trade payables	4.7	115,207	-	115,207
(ii) Other financial liabilities	4.8	225,869	-	225,869
(b) Other current liabilities	4.9	53,352	-	53,352
(c) Provisions	4.10	21,628	-	21,628
(d) Current tax liabilities (net)		13,282	-	13,282
		<u>429,338</u>	<u>-</u>	<u>429,338</u>
TOTAL EQUITY AND LIABILITIES				
		<u>995,530</u>	<u>-</u>	<u>995,530</u>

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

Sankalp Semiconductor Inc**Notes to special purpose financial statements for the year ended 31 March 2020**




(All amounts are in CAD, except share data unless otherwise stated)

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

(All amounts are in CAD)

	Note	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
I Revenue				
Revenue from operations	4.11	2,474,904	-	2,474,904
Other income	4.12	9,846	-	9,846
Total income		<u>2,484,750</u>	<u>-</u>	<u>2,484,750</u>
II Expenses				
Employee benefits expense	4.13	617,595	-	617,595
Finance costs	4.14	1,677	-	1,677
Depreciation and amortization expense	4.1	327	-	327
Other expenses	4.15	1,593,756	-	1,593,756
Total expenses		<u>2,213,355</u>	<u>-</u>	<u>2,213,355</u>
III Profit before tax		271,395	-	271,395
IV Tax expense				
Current tax	4.16	73,277	-	73,277
Total tax expense		<u>73,277</u>	<u>-</u>	<u>73,277</u>
V Profit for the year		<u>198,118</u>	<u>-</u>	<u>198,118</u>

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



Sankalp Semiconductor Inc

Notes to special purpose financial statements for the year ended 31 March 2020
(All amounts are in CAD)

4. Notes to financial statements

4.1 Property, plant and equipment

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

	Computers
Gross block as at 1 April 2019	
Additions	595
Gross block as at 31 March 2020	-
Accumulated depreciation as at 1 April 2019	595
Charge for the year	327
Accumulated depreciation as at 31 March 2020	170
Net block as at 31 March 2020	497
	98

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

	Computers
Deemed cost as at 1 April 2018	
Additions	595
Gross block as at 31 March 2019	-
Accumulated depreciation as at 1 April 2018	595
Charge for the year	-
Accumulated depreciation as at 31 March 2019	327
Net block as at 31 March 2019	327
Net block as at 1 April 2018	268
	595

4.2 Trade receivables

	As at		
	31 March 2020	31 March 2019	1 April 2018
Current			
Unsecured considered good	188,055	94,873	174,046
Unsecured considered doubtful	-	-	16,950
Provision for doubtful receivables	188,055	94,873	190,996
	-	-	(16,950)
	188,055	94,873	174,046

4.3 Cash and cash equivalents

	As at		
	31 March 2020	31 March 2019	1 April 2018
Balance with banks in current accounts	937,025	569,609	386,033
	937,025	569,609	386,033

4.4 Other financial assets

	As at		
	31 March 2020	31 March 2019	1 April 2018
Current			
Carried at amortized cost			
Unbilled receivables	343,131	330,780	184,164
Advances to employees	2,831	-	-
	345,962	330,780	184,164

4.5 Other current assets

	As at		
	31 March 2020	31 March 2019	1 April 2018
Unsecured, considered good			
Retention bonus paid in advance	5,585	-	-
	5,585	-	-

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Sankalp Semiconductor Inc
Notes to special purpose financial statements for the year ended 31 March 2020
(All amounts are in CAD)

4.6 Share capital

	As at		
	31 March 2020	31 March 2019	1 April 2018
Authorized 2,000,000 (31 March 2019, 2,000,000, 1 April 2018, 2,000,000) equity shares of CAD 0.05 each	100,000	100,000	100,000
Issued, subscribed and fully paid up 1,600,000 (31 March 2019, 1,600,000, 1 April 2018, 1,600,000) equity shares CAD 0.05 each	80,000	80,000	80,000

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 CAD	No. of shares	Amount in CAD
Number of shares at the beginning	1,600,000	80,000	1,600,000	80,000
Number of shares at the end	1,600,000	80,000	1,600,000	80,000

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 CAD 0.05 each fully paid						
Sankalp Semiconductor Private Limited	1,600,000	100%	1,600,000	100%	1,600,000	100%

Sankalp Semiconductor Inc ("the Company") is the wholly owned subsidiary of Sankalp Semiconductor Private Limited (SSPL). SSPL has been acquired by HCL Technologies Limited (HCL) through acquisition of 98% shares in SSPL, hence HCL became the ultimate holding company of Sankalp Semiconductor Inc from 10 October 2019.

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.

4.7 Trade payables

	As at		
	31 March 2020	31 March 2019	1 April 2018
Trade payables	2,606	-	-
Trade payables-related parties (refer note 4.20)	291,688	115,207	222,672
	294,294	115,207	222,672

4.8 Other financial liabilities

	As at		
	31 March 2020	31 March 2019	1 April 2018
Current			
Carried at amortized cost			
Current maturities of long term borrowings	-	-	1,000
Accrued salaries and benefits	254	34,893	36,050
Others liabilities - related parties (refer note 4.20)	127,802	190,976	-
	128,056	225,869	37,050

Sankalp Semiconductor Inc**Notes to special purpose financial statements for the year ended 31 March 2020**

(All amounts are in CAD)

4.9 Other current liabilities

	As at		
	31 March 2020	31 March 2019	1 April 2018
Withholding and other taxes payable	110,738	53,352	57,242
	110,738	53,352	57,242

4.10 Provisions

	As at		
	31 March 2020	31 March 2019	1 April 2018
Current			
Provision for employee benefits			
Provision for leave benefits	11,844	21,628	11,563
	11,844	21,628	11,563

4.11 Revenue from operations

	Year ended	
	31 March 2020	31 March 2019
Sale of services	3,989,247	2,474,904
	3,989,247	2,474,904

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	3,989,247	2,474,904
	3,989,247	2,474,904

Revenue disaggregation as per geography has been included in segment information (Refer note 4.19).

4.12 Other income

	Year ended	
	31 March 2020	31 March 2019
Interest income on bank accounts	2,507	1,141
Foreign Exchange Fluction loss, net	7,482	-
Provision no longer requirred written back	-	2,992
Miscellaneous income	240	5,713
	10,229	9,846

4.13 Employee benefits expense

	Year ended	
	31 March 2020	31 March 2019
Salaries, wages and bonus	893,006	575,925
Contribution to provident fund and other employee funds	53,788	33,230
Staff welfare expenses	2,821	8,440
	949,615	617,595

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Sankalp Semiconductor Inc**Notes to special purpose financial statements for the year ended 31 March 2020**

(All amounts are in CAD)

4.14 Finance cost

	Year ended	
	31 March 2020	31 March 2019
Bank charges	1,314	1,677
	1,314	1,677

4.15 Other expenses

	Year ended	
	31 March 2020	31 March 2019
Subcontracting charges	2,369,231	1,555,046
Travel and conveyance	249,140	10,955
Legal and professional charges	11,221	17,219
Communication costs	8,906	6,171
Business promotion	-	1,620
Office expenses	214	302
Receivables written off	2,096	-
Miscellaneous expenses	219	2,443
	2,641,027	1,593,756

4.16 Income taxes

	Year ended	
	31 March 2020	31 March 2019
Income tax charged to statement of profit and loss		
Current income tax charge	109,993	73,277
	109,993	73,277

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	407,350	271,395
Statutory tax rate in Canada	27%	27%
Expected tax expense	109,993	73,277
Total taxes	109,993	73,277
Effective income tax rate	27%	27%

4.17 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	297,357	198,118
Weighted average number of equity shares outstanding in calculating	1,600,000	1,600,000
Weighted average number of equity shares outstanding in calculating	1,600,000	1,600,000
Nominal value of equity shares (in CAD)	0.05	0.05
Earnings per equity share (in CAD)		
- Basic	0.19	0.12
- Diluted	0.19	0.12

Sankalp Semiconductor Inc**Notes to financial statements for the year ended 31 March 2020**

(All amounts are in CAD except share data unless stated otherwise)

4.18 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				
Trade receivables	-	-	188,055	188,055
Cash and cash equivalents	-	-	937,025	937,025
Others	-	-	345,962	345,962
Total	-	-	1,471,042	1,471,042
Financial liabilities				
Trade payables	-	-	294,294	294,294
Others	-	-	128,056	128,056
Total	-	-	422,350	422,350

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				
Trade receivables	-	-	94,873	94,873
Cash and cash equivalents	-	-	569,609	569,609
Others	-	-	330,780	330,780
Total	-	-	995,262	995,262
Financial liabilities				
Trade payables	-	-	115,207	115,207
Others	-	-	225,869	225,869
Total	-	-	341,076	341,076

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				
Trade receivables	-	-	174,046	174,046
Cash and cash equivalents	-	-	386,033	386,033
Others	-	-	184,164	184,164
Total	-	-	744,243	744,243
Financial liabilities				
Trade payables	-	-	222,672	222,672
Others	-	-	37,050	37,050
Total	-	-	259,722	259,722

The management assessed that fair value of cash and cash equivalents and other bank balances, trade receivables, trade payables and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

(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.

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. The Company is primarily exposed to fluctuation in foreign currency exchange rates.

Sankalp Semiconductor Inc
Notes to financial statements for the year ended 31 March 2020
(All amounts are in CAD)

4.18 Financial instruments (continued)

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.

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 while all costs are in Canadian Dollar. The fluctuation in exchange rates in respect to Canadian Dollar 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 CAD 2,714 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 and its subsidiaries. The sensitivity analysis presented above may not be representative of the actual change.

Particulars	Effect on profit / (loss) before tax increase / (decrease)		Effect on equity increase / (decrease)	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
USD sensitivity				
Depreciation of CAD against USD by 1%	(2,714)	(2,144)	(2,714)	(2,144)
Appreciation of CAD against USD by 1%	2,714	2,130	2,714	2,130

Credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and bank balances, trade receivables and unbilled revenue. By their nature, all such financial instruments involve risks, including the credit risk of non-performance by counterparties.

The customers of the Company primarily corporations based in the Canada 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 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 Group's financial liabilities based on contractual payments is as below:

	Year 1	Total
As at 31 March 2020		
Trade payables	294,294	294,294
Other financial liabilities	128,056	128,056
Total	422,350	422,350
As at 31 March 2019		
Trade payables	115,207	115,207
Other financial liabilities	225,869	225,869
Total	341,076	341,076
As at 1 April 2018		
Trade payables	222,672	222,672
Other financial liabilities	37,050	37,050
Total	259,722	259,722

Other risks - Impacts of COVID-19

Financial assets of CAD 937,025 forms a significant part of the financial assets as at 31 March 2020 carried at amortised cost in the form of cash and cash equivalents. Trade receivables of and unbilled receivables of CAD 534,017 carried at amortised cost, which is valued considering provision for allowance using expected credit loss method.

Sankalp Semiconductor Inc
Notes to financial statements for the year ended 31 March 2020
(All amounts are in CAD)

4.19 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 industry, 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, Operating Segments, have been made here.

Geographical information

The Company's secondary segments are the geographic distribution of activities. Revenue and receivables are specified 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
Segment revenue		
Canada	3,688,657	2,062,144
United States of America	300,590	412,760
Total	3,989,247	2,474,904
Segment wise trade receivables		
Canada	59,172	94,873
United States of America	128,883	-
Total	188,055	94,873
Segment wise unbilled revenue		
Canada	326,155	232,620
United States of America	16,976	98,160
Total	343,131	330,780

4.20 Related party transactions

a) Related parties where control exists

Sankalp Semiconductor Private Limited - Holding company

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

Key Management Personnel

Dan Clien (Director) (upto 31 October 2019)

Ashok Uppet (Director) (from 31 October 2019)

Samir Patel (Director)

Transactions with related parties during the normal course of business	Holding company	
	Year ended	
	31 March 2020	31 March 2019
Subcontracting services received	1,643,011	1,252,313
Expenses reimbursed from Sankalp Semiconductor Private Limited	45,992	99,753
Expenses reimbursed to Sankalp Semiconductor Private Limited	17,176	-

Transactions with Key Managerial personnel during the year	Year ended	
	31 March 2020	
	31 March 2020	31 March 2019
Managerial remuneration		
Dan Clien	71,535	174,465
Ashok Uppet	46,391	-

c) Outstanding balances

	Holding company		
	As at		
	31 March 2020	31 March 2019	1 April 2018
Trade payables	291,688	115,207	222,672
Other liabilities	127,802	190,976	-

Sankalp Semiconductor Inc

Notes to financial statements for the year ended 31 March 2020

(All amounts are in CAD)

4.21 COVID impact

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The Company has considered internal and external information while finalising various estimates in relation to its financial statement captions upto the date of approval of the financial statements by the Board of Directors. Since the Company is an IT solutions provider, primarily engaged in providing a range of design services to semiconductor industry and not among the most affected sectors. The Company's customer profile does not have a direct material presence in these impacted sectors. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID -19 situation evolves in India and globally. The Company will continue to closely monitor any material changes to future economic conditions.

As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

Firm's registration number : 116231W/W-100024


Ankita Daga
Partner

Membership Number: 512486

Bengaluru, India
22 July, 2020

**For and on behalf of the Board of Directors
of Sankalp Semiconductor Inc**


Ashok Uppet
Director


Samir Patel
Director

Ottawa, Canada
22 July, 2020

California, United States of America
22 July, 2020