Sankalp USA Inc.

Management Accounts

For the year ended 31st December 2021 and 31st December 2020

Sankalp USA Inc.
Management Accounts
Balance Sheet as at 31 December 2021
(All amounts in thousands except share data and as stated otherwise)

		Note No.	As at 31 December 2021 (USD)	As at 31 December 2020 (USD)
I.	ASSETS			
	(1) Non-current assets			
	(a) Property, plant and equipment	2.1	1	2
	(b) Other intangible assets	2.2	0	0
	(2) Current assets			
	(a) Financial assets			
	(i) Trade receivables	2.4	2	50
	(ii) Cash and cash equivalents	2.5	314	5
	(iii) Others	2.3	153	653
	(b) Current tax assets (net)		113	105
	(c) Other current assets	2.6	21	26
	TOTAL ASSETS		604	841
II.	EQUITY			
	(a) Equity share capital	2.7	0	0
	(b) Other equity		3	(44)
	TOTAL EQUITY		3	(44)
III.	LIABILITIES			
	(1) Current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	2.7A	300	-
	(ii) Trade payables	2.8	-	704
	(iii) Others	2.9	298	168
	(b) Provisions	2.10	3	3
	(c) Other current liabilities	2.11	-	10
	TOTAL EQUITY AND LIABILITIES		604	841
	Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

For and on behalf of the Board of Directors
of Sankalp USA Inc.

Raghu Raman Lakhsmanan
Director

Anup Kumar Tarapada Dutta
Director

Raj Kumar Walia
CFO

Date: 05 April 2022

Sankalp USA Inc.
Management Accounts
Statement of Profit and Loss for the year ended 31 December 2021
(All amounts in thousands except share data and as stated otherwise)

		Note No.	Year ended 31 December 2021 (USD)	Year ended 31 December 2020 (USD)
I	**Revenue**			
	Revenue from operations	2.12	10	1,781
	Other income	2.13	85	15
	Total income		95	1,796
II	**Expenses**			
	Employee benefits expense	2.14	-	1,049
	Finance costs	2.15	7	38
	Depreciation and amortization expense	2.1 & 2.2	1	1
	Outsourcing costs		8	472
	Other expenses	2.16	41	170
	Total expenses		57	1,730
III	**Profit before tax**		39	66
IV	**Tax expense**	2.17		
	Current tax		(8)	30
	Total tax expense		(8)	30
V	**Profit for the year**		47	36
VI	**Other comprehensive income**		-	-
VII	**Total comprehensive income for the year**		47	36
	Earnings per equity share of USD .01 each	2.18		
	Basic		307	233
	Diluted		307	233
	Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

For and on behalf of the Board of Directors
of Sankalp USA Inc.

Raghu Raman Lakhsmanan	**Anup Kumar Tarapada Dutta**	**Raj Kumar Walia**
Director	**Director**	**CFO**

Date: 05 April 2022

Sankalp USA Inc.
Management Accounts
Statement of Changes in Equity for the year ended 31 December 2021
(All amounts in thousands except share data and as stated otherwise)

(Amount in USD)

	Equity share capital		Other Equity
	Number of shares	Share capital	
Balance as of January 1, 2020	153	0	(80)
Profit for the year	-	-	36
Total comprehensive income for the year	-	-	36
Balance as of December 31, 2020	153	0	(44)
Balance as of January 1, 2021	153	0	(44)
Profit for the year	-	-	47
Total comprehensive income for the year	-	-	47
Balance as of December 31, 2021	153	0	3

Refer note 1 for summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

For and on behalf of the Board of Directors
of Sankalp USA Inc.

Raghu Raman Lakhsmanan
Director

Anup Kumar Tarapada Dutta
Director

Raj Kumar Walia
CFO

Date: 05 April 2022

Sankalp USA Inc.
Management Accounts
Statement of Cash flow for the year ended 31 December 2021
(All amounts in thousands except share data and as stated otherwise)

	Year ended 31 December 2021 (USD)	Year ended 31 December 2020 (USD)
A. Cash flows from operating activities		
Profit before tax	39	66
Adjustment for:		
Depreciation and amortization expense	1	1
Interest income	-	(0)
Interest expenses	2	36
Provisions no longer required written back	(85)	-
Provision for doubtful debts	-	1
	(43)	**104**
Net change in		
Trade receivables	48	660
Other financial assets and other assets	506	(127)
Trade payables	(704)	(419)
Provisions, other financial liabilities and other liabilities	203	(602)
Cash flow from (used in) operations	**10**	**(384)**
Direct taxes paid (net of refunds)	1	(208)
Net cash flow generated from (used in) operating activities (A)	**11**	**(592)**
B. Cash flows from financing activities		
Proceeda from / repayment of short term borrowings	300	(200)
Interest paid	(2)	(36)
Net cash flow used in financing activities (B)	**298**	**(236)**
Net increase / (decrease) in cash and cash equivalents (A+B)	309	(828)
Cash and cash equivalents at the beginning of the year	5	833
Cash and cash equivalents at the end of the year (2.5)	**314**	**5**
Summary of significant accounting policies (Note 1)		

The accompanying notes are an integral part of the financial statements

For and on behalf of the Board of Directors
of Sankalp USA Inc.

Raghu Raman Lakhsmanan	**Anup Kumar Tarapada Dutta**	**Raj Kumar Walia**
Director	**Director**	**CFO**

Date: 05 April 2022

Sankalp USA Inc.
Notes to management accounts for the year ended 31 December 2021
(All amounts in USD thousands except stated otherwise)

ORGANIZATION AND NATURE OF OPERATIONS

Sankalp USA Inc (hereinafter referred to as "the Company") incorporated on 27 March 2009 having its registered office in 330 Potrero Ave, Sunnyvale, CA 94085 is primarily engaged in providing a range of design services in semiconductor industry. Sankalp USA Inc is a wholly owned subsidiary of Sankalp Semiconductor Private Limited. Sankalp Semiconductor Private Limited, having its registered office at plot 9, survey no. 89, Arybhatta Tech Park, Navanagar, Hubli, Dharwad, Karnataka, is a wholly owned subsidiary of HCL Technologies Limited. HCL Technologies Limited has its registered office at 806, Siddharth, 96, Nehru Place, New Delhi - 110019.

The management accounts for the year ended 31 December, 2021 were approved and authorized for issue by the Board of Directors on 05 April 2022.

1. Significant Accounting Policies

a) Basis of preparation

The management accounts of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and presentation requirements of Schedule III (Division II) to the Companies Act, 2013, as applicable to the financial statements. These management accounts have been prepared on the request of the Ultimate Holding Company to comply with the financial reporting requirements in India.

As the company is not domiciled in India and hence not registered under Companies Act 2013, these management accounts have not been prepared to fully comply with the Companies Act 2013, and so they do not reflect all the disclosure requirements of the Act.

These management accounts have been prepared under the historical cost convention on an accrual and going concern basis except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle of 12 months. The special purpose statement of cash flows has been prepared under indirect method.

The functional currency of the Company is US Dollars (USD).

b) Use of estimates

The preparation of management accounts in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs, expenses and other comprehensive income (OCI) and contingent liabilities that are reported and disclosed in the management accounts and accompanying notes. These estimates are based upon 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. Actual results could differ from those estimates. Changes in estimates are reflected in the management accounts in the period in which the changes are made.

In view of pandemic relating to COVID-19, the company has considered and taken into account internal and external information and has performed sensitivity analysis based on current estimates in assessing the recoverability of receivables, unbilled receivables, intangible assets, other assets, impact on revenues and costs and impact on leases including but not limited to assessment of liquidity and going concern assumption. However, the actual impact of COVID-19 on the Company's management accounts may differ from that estimated and the Company will continue to closely monitor any material changes to future economic conditions.

c) Leases

Where the Company is the lessee

Effective 1 January 2020, all leases with a term of more than 12 months are recognized as right-of-use assets along with associated lease liabilities, in the special purpose balance sheet.

The Company has elected to not recognize leases with a lease term of 12 months or less & lease costs for those short-term leases are recognized on a straight line basis over the lease term in the special purpose statement of profit and loss.

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 assets as a whole.

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 special purpose statement of profit and loss during the period during which such expenses are incurred.

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

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

Depreciation on property, plant and equipment is provided on the straight-line method over their estimated useful lives, as determined by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year.

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

	Life (in years)
Computers	4-5

The useful life as given above best represents the period over which the management expects to use these assets, based on technical assessment. Hence, the useful life for the assets is different from the useful life prescribed under Part C of Schedule II of the Companies Act 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the special purpose statement of profit and loss in the year in which the expenditure is incurred.

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. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the special purpose statement of profit and loss.

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 special purpose statement of profit and loss when the asset is derecognized.

The intangible assets are amortized over the estimated useful life of the assets as mentioned below.

	Life (in years)
Software	3

f) Impairment of non-financial assets

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 special purpose 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.

g) Fair value measurement

The company records certain financial assets and liabilities at fair value on a recurring basis. The company determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

The guidance of fair value specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions about current market conditions. The fair value hierarchy also requires a company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The prescribed fair value hierarchy and related valuation methodologies are as follows:

Level 1 - Quoted inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are directly or indirectly observable in active markets.

Level 3 - Valuations derived from valuation techniques, in which one or more significant inputs are unobservable inputs which are supported by little or no market activity.

In accordance with Ind AS 113, assets and liabilities are to be measured based on the following valuation techniques:

a) Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

b) Income approach - Converting the future amounts based on market expectations to its present value using the discounting methodology.

c) Cost approach - Replacement cost method.

Certain assets are measured at fair value on a non-recurring basis. These assets consist primarily of non-financial assets such as intangible assets. Intangible assets recognized in a business acquisition are measured at fair value initially and subsequently when there is an indicator of impairment, and if any impairment, the impairment is recognized.

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

h) Revenue Recognition

Contracts involving provision of services and material

Revenue is recognized when, or as, control of a promised service or good transfers to a customer, in an amount that reflects the consideration to which the company expects to be entitled in exchange for transferring those products or services. To recognize revenues, the following five step approach is applied: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied. A contract is accounted when it is legally enforceable through executory contracts, approval and commitment from all parties, the rights of the parties are identified, payment terms are defined, the contract has commercial substance and collectability of consideration is probable.

Fixed Price contracts

Revenue related to fixed price contracts where performance obligations and control are satisfied over a period of time like technology integration, complex network building contracts, ERP implementations and Application development are recognized based on progress towards completion of the performance obligation using a cost-to-cost measure of progress (i.e., percentage-of-completion (POC) method of accounting). Revenue is recognized based on the costs incurred to date as a percentage of the total estimated costs to fulfill the contract. Any revision in cost to complete would result in increase or decrease in revenue and such changes are recorded in the period in which they are identified. Provisions for estimated losses, if any, on contracts-in-progress are recorded in the period in which such losses become probable based on the current contract estimates. Contract losses are determined to be the amount by which the estimated incremental cost to complete exceeds the estimated future revenues that will be generated by the contract and are included in cost of revenues and recorded in other accrued liabilities Revenue related to other fixed price contracts providing maintenance and support services, are recognized based on our right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If our invoicing is not consistent with value delivered, revenues are recognized as the service is performed based on the cost to cost method described above.

In arrangements involving sharing of customer revenues, revenue is recognized when the right to receive is established. Revenue from product sales are shown net of applicable taxes, discounts and allowances. Revenue related to product with installation services that are critical to the product is recognized when installation of product at customer site is completed and accepted by the customer. If the revenue for a delivered item is not recognized for non-receipt of acceptance from the customer, the cost of the delivered item continues to be in inventory.

Time-and-material contracts

Revenue with respect to time-and-material contracts is recognized as the related services are performed. Revenue from maintenance services is recognized ratably over the period of the contract.

Revenue is recognized net of discounts and allowances, value-added tax, and includes reimbursement of out-of-pocket expenses, with the corresponding out-of-pocket expenses included in cost of revenues.

i) Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Company at its respective functional currency spot rates at the date of the transaction. Foreign-currency denominated monetary assets and liabilities are translated to the relevant functional currency at exchange rates in effect at the special purpose balance sheet date. Exchange differences arising on settlement or translation of monetary items are recognized in the special purpose statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the initial transaction. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit or loss for the year in which the transaction is settled. Revenue, expenses and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

j) Taxation

Income tax expense comprises current and deferred income tax.

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 special purpose balance sheet date. Provision for income tax includes the impact of provisions established for uncertain income tax positions, as well as the related interest.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the management accounts.

The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the special purpose balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable company and the same taxation authority.

k) Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

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

Cash and cash equivalent

Cash and cash equivalents in the special purpose balance sheet comprise cash in banks, which is subject to an insignificant risk of changes in value.

Financial instruments at amortized cost

A financial instrument is measured at the amortized cost if both the following conditions are met:

The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Derecognition of financial assets

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

Impairment of financial assets

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

ii) Financial liabilities

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

The Company's financial liabilities include trade payables, borrowings including bank overdrafts and other payables.

Financial liabilities at fair value through profit or loss

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. Changes in fair value of such liability are recognized in the statement of profit or loss.

Financial liabilities at amortized cost

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

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

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

Derecognition

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

Offsetting of financial instruments

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

l) Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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.

m) Provisions & contingent liabilities

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 at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The Company uses significant judgement to disclose contingent liabilities Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognized nor disclosed in the management accounts.

n) Retirement and other employee benefits

Contributions to defined contribution plans are recognized as expense when employees have rendered services entitling them to such benefits.

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 expense on non-accumulating compensated absences is recognized in the special purpose statement of profit and loss in the year in which the absences occur.

o) 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 include exchange differences to the extent regarded as an adjustment to the borrowing costs.

Sankalp USA Inc.
Notes to management accounts for the year ended 31 December 2021
(All amounts in thousands except share data and as stated otherwise)

2.1 Property, plant and equipment
The changes in the carrying value for the year ended 31 December 2021

	Computers	Total
	(USD)	(USD)
Gross block as at 1 January 2021	5	5
Additions	-	-
Gross block as at 31 December 2021	**5**	**5**
Accumulated depreciation as at 1 January 2021	3	3
Charge for the year	1	1
Accumulated depreciation as at 31 December 2021	**4**	**4**
Net block as at 31 December 2021	**1**	**1**

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

	Computers	Total
	(USD)	(USD)
Gross block as at 1 January 2020	5	5
Additions	-	-
Gross block as at 31 December 2020	**5**	**5**
Accumulated depreciation as at 1 January 2020	2	2
Charge for the year	1	1
Accumulated depreciation as at 31 December 2020	**3**	**3**
Net block as at 31 December 2020	**2**	**2**

(All amounts in thousands except share data and as stated otherwise)

2.2 Other Intangible Assets

The changes in the carrying value for the year ended 31 December 2021

	Software	Total
	(USD)	(USD)
Gross block as at 1 January 2021	1	1
Additions	-	-
Gross block as at 31 December 2021	**1**	**1**
Accumulated depreciation as at 1 January 2021	0	0
Charge for the year	0	0
Accumulated depreciation as at 31 December 2021	**1**	**1**
Net block as at 31 December 2021	0	0

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

	Software	Total
	(USD)	(USD)
Gross block as at 1 January 2020	1	1
Additions	0	0
Gross block as at 31 December 2020	**1**	**1**
Accumulated depreciation as at 1 January 2020	0	0
Charge for the year	0	0
Accumulated depreciation as at 31 December 2020	**0**	**0**
Net block as at 31 December 2020	**1**	**1**

Sankalp USA Inc.
Notes to management accounts for the year ended 31 December 2021
(All amounts in thousands except share data and as stated otherwise)

2.3 Other financial assets

	As at	
	31 December 2021	**31 December 2020**
	(USD)	**(USD)**
Current		
Carried at amortized Cost		
Security deposits	1	1
Other receivable -related parties (refer note no. 2.20)	152	-
Unbilled receivables-related parties (refer note no. 2.20)	-	652
	153	**653**

2.4 Trade receivable

	As at	
	31 December 2021	**31 December 2020**
	(USD)	**(USD)**
Unsecured considered good	2	50
Trade Receivables - credit impaired	-	1
	2	**51**
Impairment Allowance for bad and doubtful debts	-	(1)
	2	**50**

2.5 Cash and cash equivalent

	As at	
	31 December 2021	**31 December 2020**
	(USD)	**(USD)**
Balance with banks		
- in current accounts	314	5
	314	**5**

2.6 Other current assets

	As at	
	31 December 2021	**31 December 2020**
	(USD)	**(USD)**
Unsecured , considered good		
Advances other than capital advances		
Advance to supplier	-	1
Advance to employees	21	6
Others		
Deferred contract cost-related parties (refer note no. 2.20)	-	8
Prepaid expenses	-	11
	21	**26**

(All amounts in thousands except share data and as stated otherwise)

2.7 Share Capital

	As at	
	31 December 2021	**31 December 2020**
	(USD)	**(USD)**
Authorized		
1500 (31 December 2020 ,1500) equity shares of USD .01 each	0	0
Issued, subscribed and fully paid up		
153 (31 December 2020, 153) equity shares of USD .01 each	0	0

Terms/ rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of USD .01/-. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

	As at			
	31 December 2021		**31 December 2020**	
	No. of shares	(USD)	No. of shares	(USD)
Number of shares at the beginning	153	0	153	0
Add: Shares issued during the year	-	-	-	-
Number of shares at the end	153	0	153	0

Shares held by holding/ultimate holding company and/or their subsidiaries/associates:-

Name of the shareholder	As at			
	31 December 2021		**31 December 2020**	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of USD 0.01 each fully paid				
Sankalp Semiconductor Private Limited	153	100%	153	100.00%

Sankalp USA 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 USA Inc from 10 October 2019.

Name of the shareholder	As at			
	31 December 2021		**31 December 2020**	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of USD 0.01 each fully paid				
Sankalp Semiconductor Private Limited	153	100.00%	153	100.00%

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.

There are no bonus shares issued, no shares issued for consideration other than cash and no shares bought back immediately preceding the reporting date from date of incorporation

Capital management

The primary objective of the Company's capital management is to support business continuity and growth of the company while maximizing the shareholder value. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are generally met through operating cash flows generated and short term borrowing.

(All amounts in thousands except share data and as stated otherwise)

2.7A Borrowings

	As at	
	31 December 2021	**31 December 2020**
	(USD)	**(USD)**
Borrowings -related parties (refer note no. 2.20)	300	-
	300	**-**

2.8 Trade payables

	As at	
	31 December 2021	**31 December 2020**
	(USD)	**(USD)**
Trade payables-related parties (refer note no. 2.20)	-	704
	-	**704**

2.9 Other financial liabilities

	As at	
	31 December 2021	**31 December 2020**
	(USD)	**(USD)**
Current		
Carried at amortized Cost		
Interest payable -related parties (refer note 2.20)	2	0
Other employee costs	9	9
Other payables -related parties (refer note 2.20)	202	-
Others		
Liabilities for expenses	12	86
Liabilities for expenses-related parties (refer note no. 2.20)	73	73
	298	**168**

2.10 Provisions

	As at	
	31 December 2021	**31 December 2020**
	(USD)	**(USD)**
Current		
Provision for employee benefits	3	3
	3	**3**

2.11 Other current liabilities

	As at	
	31 December 2021	**31 December 2020**
	(USD)	**(USD)**
Current		
Contract liabilities	-	10
	-	**10**

(All amounts in thousands except share data and as stated otherwise)

2.12 Revenue from operations

	Year ended 31 December 2021 (USD)	Year ended 31 December 2020 (USD)
Sale of services	10	1,781
	10	**1,781**

Disaggregate Revenue Information

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

	Year ended 31 December 2021 (USD)	Year ended 31 December 2020 (USD)
Contract type		
Fixed price	-	146
Time and material	10	1,635
Total	**10**	**1,781**
Geography wise		
America	10	1,129
India	-	652
	10	**1,781**

Remaining performance obligations

As at 31 December 2021, the aggregate amount of transaction price allocated to remaining performance obligations as per the requirements of Ind AS 115 was nil. This is after exclusions of below:

a) Contracts for which we recognize revenues based on the right to invoice for services performed,

b) Variable consideration allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation, or

c) Variable consideration in the form of a sales-based or usage-based royalty promised in exchange for a license of intellectual property.

Contract balances

Contract assets : A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets are recognized where there is excess of revenue over the billings. Revenue recognized but not billed to customers is classified either as contract assets or unbilled receivable in our special purpose balance sheet. Contract assets primarily relate to unbilled amounts on fixed price contracts using the cost to cost method of revenue recognition. Unbilled receivables represents contracts where right to consideration is unconditional (i.e. only the passage of time is required before the payment is due).

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

The below table discloses the movement in balances of contract liabilities :

	Year ended 31 December 2021 (USD)	Year ended 31 December 2020 (USD)
Balance as at beginning of the year	10	20
Additional amounts billed but not recognized as revenue	-	10
Deduction on account of revenues recognized during the year	(10)	(20)
Balance as at end of the year	**-**	**10**

(All amounts in thousands except share data and as stated otherwise)

Deferred contract cost : Deferred contract cost primarily represents the contract fulfilment cost and cost for obtaining the contract.

The below table discloses the movement in balance of deferred contract cost:

	Year ended 31 December 2021 (USD)	Year ended 31 December 2020 (USD)
Balance as at beginning of the year	8	-
Additional cost captalised during the year	-	8
Deduction on account of cost amortised during the year	(8)	-
Balance as at end of the year	**-**	**8**

The contracted price equals the revenue recognized since there is no reduction towards variable consideration component during the year.

2.13 Other income

	Year ended 31 December 2021 (USD)	Year ended 31 December 2020 (USD)
Interest income		
- Others	-	0
Provisions no longer required written back	85	-
Miscellaneous income	-	15
	85	**15**

2.14 Employee benefits expense

	Year ended 31 December 2021 (USD)	Year ended 31 December 2020 (USD)
Salaries, wages and bonus	-	984
Contribution to other employee funds	-	57
Leave encashment	-	7
Staff welfare expenses	-	1
	-	**1,049**

2.15 Finance cost

	Year ended 31 December 2021 (USD)	Year ended 31 December 2020 (USD)
Interest		
-others	2	36
Bank charges	5	2
	7	**38**

2.16 Other expenses

	Year ended 31 December 2021 (USD)	Year ended 31 December 2020 (USD)
Rent	1	2
Communication costs	0	3
Travel and conveyance	-	11
Business promotion	8	-
Legal and professional charges	27	146
Rates and taxes	-	2
Provision for doubtful debts	-	1
Miscellaneous expenses	5	5
	41	**170**

(All amounts in thousands except share data and as stated otherwise)

2.17 Income taxes

	Year ended 31 December 2021 (USD)	Year ended 31 December 2020 (USD)
Income tax charged to special purpose statement of profit and loss		
Current income tax charge	1	33
Adjustment in respect of prior years	(9)	(3)
	(8)	**30**

The reconciliation between the provision for income tax and amount computed by applying the statutory income tax rate is as follows:

	Year ended 31 December 2021 (USD)	Year ended 31 December 2020 (USD)
Profit before income tax	39	66
Statutory tax rate	21%	25%
Expected tax expense	8	16
Adjustments		
Expenses disallowed	(8)	-
Expenses allowed	1	-
Other permanent differences	-	(16)
Others Beat tax	-	10
Withholding taxes write off	-	23
Adjustment in respect of prior years	(9)	(3)
Total taxes	**(8)**	**30**
Effective income tax rate	**-21%**	**46%**

The company has not recognised deferred tax asset since it is not probable that future taxable profits will be avaliable against which the deductable temporary differences can be utilised.

2.18 Earnings Per Share

The computation of earnings per share is as follows:

	Year ended 31 December 2021 (USD)	Year ended 31 December 2020 (USD)
Net profit as per speacial purpose statement of profit and loss for computation of EPS	47	36
Weighted average number of equity shares outstanding in calculating Basic EPS	153	153
Weighted average number of equity shares outstanding in calculating Diluted EPS	153	153
Nominal value of equity shares	0	0
Earnings per equity share		
- Basic	**307**	**233**
- Diluted	**307**	**233**

2.19 Leases

The company has taken office spaces and accommodation for its employees, on lease. The lease rental expenses recognised in the special purpose statement of profit and loss on straight line basis for the year ended 31 December, 2021 are USD 1 (Previous year USD 2).

2.20 Related Party Transactions

a) Related Parties where control exists

Ultimate Holding Company
HCL Technologies Limited

Holding Company
Sankalp Semiconductor Private Limited

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

Holding Company
Sankalp Semiconductor Private Limited

Fellow Subsidiary
HCL America Inc.
HCL Technologies Corporate Services Limited

(All amounts in thousands except share data and as stated otherwise)

2.20 Related Party Transactions (continued)

c) Transactions with related parties during the ordinary course of business (USD)

	Holding company		Fellow subsidiaries	
	Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2020
Outsourcing costs	-	232	-	-
Revenue	-	652	-	-
Interest Expense	-	-	2	0

d) Outstanding balances of related parties (USD)

	Holding company		Fellow subsidiaries	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Liabilities for expenses	73	73	-	-
Other receivable	152	-	-	-
Other payable	-	-	202	-
Trade payables	-	704	-	-
Deferred Contract Cost	-	8	-	-
Interest Payable	-	-	2	0
Unbilled receivables	-	652	-	-
Borrowings	-	-	300	-
Trade Receivables	-	11	-	-

2.21 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's ultimate holding company, HCL Technologies Limited's chief operating decision maker (CODM) reviews its results for allocation of resources and assessing performance by business segment comprising IT and Business Services, Engineering and R&D Services, and Products & Platforms segment. The ultimate Holding Company monitors the risk and returns of the Company's businesses on an entity level and evaluates the performance of the Company as one business segment. Hence there is only one reportable segment of the Company, as envisaged under Indian Accounting Standards -108 "Operating segments".

Revenue disaggregation as per geography is given in note 2.12.

2.22 Financial Instruments

(a) Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 December 2021 is as follows:

	Amortized Cost	Total Carrying Value
	USD	USD
Financial Assets		
Trade Receivables	2	2
Cash and Cash Equivalents	314	314
Others (refer note 2.3)	153	153
Total	**469**	**469**
Financial Liabilities		
Borrowings	-	-
Trade Payables	704	704
Lease Liability	-	-
Others (refer note 2.9)	168	168
Total	**872**	**872**

(All amounts in thousands except share data and as stated otherwise)

2.22 Financial Instruments (continued)

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

	Amortized Cost	Total Carrying Value
	USD	USD
Financial Assets		
Trade Receivables	50	50
Cash and Cash Equivalents	5	5
Others (refer note 2.3)	653	653
Total	**708**	**708**
Financial Liabilities		
Trade Payables	704	704
Others (refer note 2.9)	168	168
Total	**872**	**872**

(b) Financial risk management

The Company's risk management policy aims to reduce volatility in special purpose 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.

(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.

The exchange rate risk primarily arises from assets and liabilities denominated in curriences other than foreign curreny. An insignificant portion of the Company's revenue is in other foreign currency while a large protion of costs are in USD. The fluctuation in exchnges rates in respect to USD may not have potential impact on the special purpose statement of profit and loss and equity. The currency risk is very insignificant during the year ended 31 December 2021 and 31 December 2020 since most of the transactions are in USD only.

(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 is not significantly exposed to interest rate risk.

Credit risk

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

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.

Sankalp USA Inc.
Notes to management accounts for the year ended 31 December 2021
(All amounts in thousands except share data and as stated otherwise)

2.22 Financial Instruments (continued)

Maturity profile of the Company's special purpose financial statement based on contractual payment is as below :

	Year 1 (Current)	Year 2	Year 3	Year 4-5 and thereafter
As at 31 December 2021 (USD)				
Trade Payables	-	-	-	-
Other financial liablities	298	-	-	-
Total	298	-	-	-
As at 31 December 2020 (USD)				
Trade Payables	704	-	-	-
Other financial liablities	168	-	-	-
Total	872	-	-	-

2.23 Subsequent event

The Company has evaluated all the subsequent events through 05 April 2022, which is the date on which these special purpose financial statements were issued, and no events have occurred from the special purpose balance sheet date through that date except for matters that have already been considered in the special purpose financial statements.

3. The Company has changed its presentation from " USD in absolute amount" to " USD in thousands" and accordingly, amounts less than USD 0.50 thousands are rounded off to zero.

For and on behalf of the Board of Directors
of Sankalp USA Inc.

Raghu Raman Lakhsmanan
Director

Anup Kumar Tarapada Dutta
Director

Raj Kumar Walia
CFO

Date: 05 April 2022