

Sankalp Semiconductor Private Limited

Financial Statements

For the year ended 31 March 2023 and 2022

B S R & Associates LLP

Chartered Accountants

Building No. 10, 12th Floor, Tower-C,
DLF Cyber City, Phase - II,
Gurugram - 122 002, India
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Independent Auditor's Report

To the Members of Sankalp Semiconductor Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sankalp Semiconductor Private Limited (the "Company") which comprise the balance sheet as at 31 March 2023, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and 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 2023, and its profit and other comprehensive income, 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 Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the 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 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 financial statements.

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's directors' report, but does not include the financial statements and auditor's report(s) thereon.

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

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

Registered Office:

B S R & Associates (a partnership firm with Registration No. BA69226) converted into B S R & Associates LLP (a Limited Liability Partnership with LLP Registration No. AAB-8182) with effect from October 14, 2013

14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400063

Independent Auditor's Report (*Continued*)

Sankalp Semiconductor Private Limited

Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 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. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the

Independent Auditor's Report (Continued)

Sankalp Semiconductor Private Limited

disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 A. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a. The Company does not have any pending litigations which would impact its financial position.
 - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - d (i) The management of the Company whose financial statements have been audited under the Act have represented that, to the best of its knowledge and belief, as disclosed in the Note 2.32 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or

Independent Auditor's Report (Continued)

Sankalp Semiconductor Private Limited

- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) The management of the Company whose financial statements have been audited under the Act have represented that, to the best of its knowledge and belief, as disclosed in the Note 2.32 to the financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:
 - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) above contain any material misstatement.
- e. The Company has neither declared nor paid any dividend during the year.
- f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act: In our opinion and according to the information and explanations given to us, no remuneration has been paid by the company to any of its directors. Accordingly, provisions of Section 197 of the Act relating to remuneration to directors are not applicable. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No.: 116231W/W-100024

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Gajendra Sharma

Partner

Place: Gurugram

Date: 29 June 2023

Membership No.: 064440

ICAI UDIN: 23064440BGYXFI5676

Annexure A to the Independent Auditor's Report on the Financial Statements of Sankalp Semiconductor Private Limited for the year ended 31 March 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified once in three years. In accordance with this programme, property, plant and equipment were verified during the financial year ended 31 March 2022. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company is a service company, primarily rendering a range of design services to semiconductor industry. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a), 3(iii)(c), 3(iii)(d), 3(iii)(e) and 3(iii)(f) of the Order are not applicable to the Company. The Company has made investments in a company and other parties during the year. The Company has not made investments in any firms, or limited liability partnerships during the year.
- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made during the year are, prima facie, not prejudicial to the interest of the Company.
- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has not given any loans or provided guarantee or security and therefore the relevant provisions of Sections 185 of the Companies Act, 2013 ("the Act") are not applicable to the Company.
In respect of the investments made by the Company, in our opinion the provisions of Section 186 of the Act have been complied with.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from

**Annexure A to the Independent Auditor's Report on the Financial Statements of Sankalp Semiconductor Private Limited for the year ended 31 March 2023
(Continued)**

the public. Accordingly, clause 3(v) of the Order is not applicable.

- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues, which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Act. The company has no associates and joint ventures.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries (as defined under the Act). The company has no associates and joint ventures.
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer

**Annexure A to the Independent Auditor's Report on the Financial Statements of Sankalp Semiconductor Private Limited for the year ended 31 March 2023
(Continued)**

- (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) Based on the information and explanations provided to us, the Company does not have a vigil mechanism and is not required to have a vigil mechanism as per the Act.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) The requirements as stipulated by the provisions of Section 177 of the Act are not applicable to the Company. In our opinion and according to the information and explanations given to us and on the basis of our examination of records of the Company, transactions with the related parties are in compliance with Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of

**Annexure A to the Independent Auditor's Report on the Financial Statements of Sankalp Semiconductor Private Limited for the year ended 31 March 2023
(Continued)**

Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **B S R & Associates LLP**

Chartered Accountants

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Gajendra Sharma

Partner

Place: Gurugram

Date: 29 June 2023

Membership No.: 064440

ICAI UDIN: 23064440BGYXFI5676

Annexure B to the Independent Auditor's Report on the financial statements of Sankalp Semiconductor Private Limited for the year ended 31 March 2023

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Sankalp Semiconductor Private Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial

**Annexure B to the Independent Auditor's Report on the financial statements of Sankalp Semiconductor Private Limited for the year ended 31 March 2023
(Continued)**

statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No.: 116231W/W-100024

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Gajendra Sharma

Partner

Place: Gurugram

Date: 29 June 2023

Membership No.: 064440

ICAI UDIN: 23064440BGYXFI5676

Sankalp Semiconductor Private Limited**Balance Sheet**

(All amounts in lakhs of ₹ except share data and as stated otherwise)

	Note No.	As at 31 March 2023	As at 31 March 2022
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	2.1	1,313	1,426
(b) Capital work in progress	2.2	4	55
(c) Right-of-use-asset	2.24	779	-
(d) Goodwill	2.3	300	300
(e) Other intangible asset	2.3	3	58
(f) Financial assets			
(i) Investments	2.4	4,188	69
(ii) Others	2.5	40	30
(g) Deferred tax assets (net)	2.21	275	293
(h) Other non-current assets	2.6	160	140
Total non-current assets		7,062	2,371
(2) Current assets			
(a) Financial Assets			
(i) Investments	2.4	5,197	4,886
(ii) Trade receivables	2.7		
Billed		2,963	2,935
Unbilled		619	1,731
(iii) Cash and cash equivalents	2.8	73	841
(iv) Others	2.5	500	51
(b) Current tax assets (net)		681	975
(c) Other current assets	2.9	1,064	1,498
Total current assets		11,097	12,917
TOTAL ASSETS		18,159	15,288
II. EQUITY			
(a) Equity share capital	2.10	152	152
(b) Other equity		13,434	10,983
TOTAL EQUITY		13,586	11,135

Sankalp Semiconductor Private Limited**Balance Sheet**

(All amounts in lakhs of ₹ except share data and as stated otherwise)

	Note No.	As at 31 March 2023	As at 31 March 2022
III. LIABILITIES			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	2.24	653	-
(b) Provisions	2.11	418	503
Total non-current liabilities		1,071	503
(2) Current liabilities			
(a) Financial Liabilities			
(i) Lease liabilities	2.24	124	-
(ii) Trade payables	2.12		
Billed			
1. Dues of micro enterprises and small enterprises		47	3
2. Dues of creditors other than micro enterprises and small enterprises		795	1,522
Unbilled and accruals		235	496
(iii) Others	2.13	1,553	1,223
(b) Contract Liabilities	2.14	241	6
(c) Other current liabilities	2.15	290	198
(d) Provisions	2.11	217	202
Total current liabilities		3,502	3,650
TOTAL LIABILITIES		4,573	4,153
TOTAL EQUITY AND LIABILITIES		18,159	15,288

Summary of significant accounting policies

1

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For B S R & Associates LLP**Chartered Accountants**

Firm's Registration No : 116231W/W-100024

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Gajendra Sharma**Partner**

Membership Number: 064440

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

ANUP
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A

Anup Dutta**Director**

DIN - 01051776

GOUTA
M
RUNGTA

Goutam Rungta**Director**

DIN - 08599656

Gurugram, India

29 June 2023

Noida (UP), India

29 June 2023

Sankalp Semiconductor Private Limited**Statement of Profit and Loss**

(All amounts in lakhs of ₹ except share data and as stated otherwise)

	Note	Year ended	
	No.	31 March 2023	31 March 2022
I Revenue			
Revenue from operations	2.16	18,061	20,617
Other income	2.17	314	415
Total income		18,375	21,032
II Expenses			
Employee benefits expense	2.18	10,829	11,599
Outsourcing costs		2,236	3,200
Finance costs	2.19	23	27
Depreciation and amortization expense		442	569
Other expenses	2.20	1,502	2,237
Total expenses		15,032	17,632
III Profit before tax		3,343	3,400
IV Tax expense	2.21		
Current tax		882	720
Deferred tax charge		16	91
Total tax expense		898	811
V Profit for the year		2,445	2,589
VI Other comprehensive income (loss)			
(i) Items that will not be reclassified to statement of profit and loss		8	(39)
(ii) Income tax relating to items that will not be reclassified to statement of profit and loss		(2)	10
Total other comprehensive income (loss)		6	(29)
VII Total comprehensive income for the year		2,451	2,560
Earnings per equity share of ₹ 2 each	2.22		
Basic (in ₹)		32.22	34.12
Diluted (in ₹)		32.22	34.12

Summary of significant accounting policies**1**

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For B S R & Associates LLP**Chartered Accountants**

Firm's Registration No : 116231W/W-100024

GAJENDR A SHARMA

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GAJENDRA SHARMA
Date: 2023.06.29
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Gajendra Sharma
Partner

Membership Number: 064440

Gurugram, India

29 June 2023

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

ANUP DUTTA

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Anup Dutta
Director
DIN - 01051776

Noida (UP), India

29 June 2023

GOUTA M RUNGTA

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Goutam Rungta
Director
DIN - 08599656

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

	Equity share capital		Other Equity				Total Equity
	Number of shares	Share capital	Reserves and Surplus			Total Other equity	
			Retained earnings	Remeasurement of defined benefit plans	Securities premium reserve		
Balance as at 1 April 2021	7,589,107	152	5,948	(47)	2,522	8,423	8,575
Profit for the year	-	-	2,589	-	-	2,589	2,589
Other comprehensive income (loss)	-	-	-	(29)	-	(29)	(29)
Total comprehensive income for the year	-	-	2,589	(29)	-	2,560	2,560
Balance as at 31 March 2022	7,589,107	152	8,537	(76)	2,522	10,983	11,135
Balance as at 1 April 2022	7,589,107	152	8,537	(76)	2,522	10,983	11,135
Profit for the year	-	-	2,445	-	-	2,445	2,445
Other comprehensive income (loss)	-	-	-	6	-	6	6
Total comprehensive income for the year	-	-	2,445	6	-	2,451	2,451
Balance as at 31 March 2023	7,589,107	152	10,982	(70)	2,522	13,434	13,586

Refer note 1 for summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For B S R & Associates LLP

Chartered Accountants

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

GAJENDRA SHARMA Digitally signed by
GAJENDRA SHARMA
Date: 2023.06.29
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Gajendra Sharma

Partner

Membership Number: 064440

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

ANUP DUTTA Digitally signed by
ANUP DUTTA
Date: 2023.06.29
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Anup Dutta

Director

DIN - 01051776

GOUTAM RUNGTA Digitally signed by
GOUTAM RUNGTA
Date: 2023.06.29
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Goutam Rungta

Director

DIN - 08599656

Gurugram, India
29 June 2023

Noida (UP), India
29 June 2023

Sankalp Semiconductor Private Limited**Statement of cash flows**

(All amounts in lakhs of ₹ except share data and as stated otherwise)

	Year ended	
	31 March 2023	31 March 2022
A. Cash flows from operating activities		
Profit before tax	3,343	3,400
Adjustment for :		
Depreciation and amortization expense	442	569
Interest income	(31)	(194)
Provision for doubtful debts/ bad debts written off (written back)	(63)	45
Income on investments carried at fair value through profit and loss	(166)	(107)
Interest expense	17	15
Diminution in value of investment	18	5
Other non-cash charges (net)	-	3
	3,560	3,736
Net change in		
Trade receivables	1,147	(417)
Other financial assets and other assets	(56)	(919)
Trade payables	(944)	277
Other financial liabilities, contract liabilities, provisions and other liabilities	133	(70)
Cash generated from operations	3,840	2,607
Income taxes paid (net of refunds)	(556)	(119)
Net cash flow from operating activities (A)	3,284	2,488
B. Cash flows from investing activities		
Purchase of mutual fund units	(14,699)	(11,049)
Proceeds from sale of mutual funds units	14,554	8,815
Investment made during the year	(3,345)	-
Proceeds from loan given to related party	-	10
Purchase of property, plant and equipment and other intangible assets including capital accounts payable	(503)	(286)
Net cash used in investing activities (B)	(3,993)	(2,510)
C. Cash flows from financing activities		
Payment of lease liabilities including interest	(59)	(126)
Net cash flow used in financing activities (C)	(59)	(126)
Net decrease in cash and cash equivalents (A+B+C)	(768)	(148)
Cash and cash equivalents at the beginning of the year	841	989
Cash and cash equivalents at the end of the year as per note 2.8	73	841
Summary of significant accounting policies (Note 1)		
The accompanying notes are an integral part of the financial statements		

As per our report of even date attached

For B S R & Associates LLP**Chartered Accountants**

Firm's Registration No : 116231W/W-100024

GAJENDRA SHARMA
Digitally signed by
GAJENDRA SHARMA
Date: 2023.06.29
15:44:29 +05'30'**Gajendra Sharma****Partner**

Membership Number: 064440

**For and on behalf of the Board of Directors
of Sankalp Semiconductor Private Limited**ANUP
DUTTA**Anup Dutta**
Director
DIN - 01051776GOUTA
M
RUNGTA**Goutam Rungta**
Director
DIN - 08599656Gurugram, India
29 June 2023Noida (UP), India
29 June 2023

ORGANIZATION AND NATURE OF OPERATIONS

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

The financial statements for the year ended 31 March 2023 were approved and authorized for issue by the Board of Directors on 29th June 2023.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time and presentation requirements of Schedule III (Division II) to the Companies Act, 2013, as applicable to the financial statements.

These financial statements have been prepared under the historical cost convention on an accrual and going concern basis, except for the following assets and liabilities which have been measured at fair value:

- a) Certain financial assets and liabilities (refer accounting policy regarding financial instruments),
- b) Defined benefit plans

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous year except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy.

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

The company uses the Indian rupee (‘₹’) as its reporting currency. All amounts are presented in lakhs rounded to whole number and amounts less than 0.50 lakh are presented as “-”.

Till last year, financial statements comprised the financial statements of Sankalp Semiconductor Private Limited and its wholly owned trust “sankalp stock trust”. But during the year, sankalp stock trust is closed and all balances are transferred to Sankalp Semiconductor Private Limited.

(b) Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires the management to make estimates and judgements that affect the reported amounts of assets, liabilities, revenue, expenses and other comprehensive income (loss) (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based on the management’s best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. Changes in estimates are reflected in the financial statements in the year in which the changes are made.

Significant estimates and assumptions are used for, but not limited to,

- i. Accounting for costs expected to be incurred to complete performance under fixed price projects and determination of stand-alone selling prices for each distinct performance obligation in contracts involving multiple performance obligations, refer note 1(f)
- ii. Allowance for uncollectible trade receivables, refer note 1(e)(i)
- iii. Recognition of income and deferred taxes, refer note 1(i) and note 2.21
- iv. Key actuarial assumptions for measurement of future obligations under employee benefit plans, refer note 1(n) and note 2.26
- v. Useful lives of property, plant and equipment, refer note 1(j)
- vi. Lives of intangible assets, refer note 1(k)
- vii. Key assumptions used for impairment of goodwill, refer note 1(m) and note 2.3

Sankalp Semiconductor Private Limited
Notes to financial statements for the year ended 31 March 2023
(All amounts in lakhs of ₹ except share data and as stated otherwise)

- viii. Identification of leases and measurement of lease liabilities and right of use assets, refer note 1(l)
- ix. Provisions and contingent liabilities, refer note 1(p) and note 2.33

(c) Foreign currency and translation

The Company's financial statements are presented in Indian Rupee (₹), which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at their 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 balance sheet date. Exchange differences arising on settlement or translation of monetary items are recognized in the 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 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 for the year. 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.

(d) 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 in the principal or most advantageous market for that asset or liability.

The Company holds certain fixed income securities, equity securities which must be measured using the guidance for fair value hierarchy and related valuation methodologies. The guidance 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 an entity 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 at fair value are 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 method.
- 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 goodwill and intangible assets. Goodwill and Intangible assets recognized in business combinations are measured at fair value initially and subsequently when there is an indicator of 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.

(e) 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. However, trade receivables that do not contain a significant financing component are measured at transaction price.

Cash and cash equivalents

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

Financial assets at amortized cost

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

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

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

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

A financial asset is classified and measured at fair value through OCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent solely payments of principal and interest.

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

Financial assets at Fair Value through Profit and Loss

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

Equity investments

Equity investments in subsidiaries are measured at cost less impairment if any.

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

Financial liabilities at fair value through profit or loss

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, 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, are initially recognized at net of transaction costs and includes trade payables, lease liabilities 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 statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

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

Derecognition

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

(f) 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.

Time-and-material / Volume based / Transaction based contracts

Revenue with respect to time-and-material, volume based and transaction based contracts is recognized as the related services are performed through efforts expended, volume serviced transactions are processed etc. that correspond with value transferred to customer till date which is related to our right to invoice for services performed.

Sankalp Semiconductor Private Limited
Notes to financial statements for the year ended 31 March 2023
(All amounts in lakhs of ₹ except share data and as stated otherwise)

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, system 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.

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.

Multiple performance obligation

When a sales arrangement contains multiple performance, such as services, hardware and Licensed IPs (software) or combinations of each of them revenue for each element is based on a five step approach as defined above. To the extent a contract includes multiple promised deliverables, judgment is applied to determine whether promised deliverables are capable of being distinct and are distinct in the context of the contract. If these criteria are not met, the promised deliverables are accounted for as a combined performance obligation. For arrangements with multiple distinct performance obligations or series of distinct performance obligations, consideration is allocated among the performance obligations based on their relative standalone selling price. Standalone selling price is the price at which the company would sell a promised good or service separately to the customer. When not directly observable, we estimate standalone selling price by using the expected cost plus a margin approach. We establish a standalone selling price range for our deliverables, which is reassessed on a periodic basis or when facts and circumstances change.

Revenue recognition for delivered elements is limited to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified return or refund privileges.

Revenue from certain activities in transition services in outsourcing arrangements are not capable of being distinct or represent separate performance obligation. Revenues relating to such transition activities are classified as Contract liabilities and subsequently recognized over the period of the arrangement. Direct and incremental costs in relation to such transition activities which are expected to be recoverable under the contract and generate or enhance resources of the Company that will be used in satisfying the performance obligation in the future are considered as contract fulfillment costs classified as Deferred contract cost and recognized over the period of arrangement. Certain upfront non-recurring incremental contract acquisition costs and other upfront fee paid to customer are deferred and classified as Deferred contract cost and amortized to revenue or cost, usually on a straight line basis, over the term of the contract unless revenues are earned and obligations are fulfilled in a different pattern. The undiscounted future cash flows from the arrangement are periodically estimated and compared with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

In instances when revenue is derived from sales of third-party vendor services, material or licenses, revenue is recorded on a gross basis when the Company is a principal to the transaction and net of costs when the Company is acting as an agent between the customer and the vendor. Several factors are considered to determine whether the Company is a principal or an agent, most notably being company control the goods or service before it is transferred to customer, latitude in deciding the price being charged to customer. Revenue is recognized net of discounts and allowances, value-added and service taxes, and includes reimbursement of out-of-pocket expenses, with the corresponding outof-pocket expenses included in cost of revenues.

Sankalp Semiconductor Private Limited
Notes to financial statements for the year ended 31 March 2023
(All amounts in lakhs of ₹ except share data and as stated otherwise)

Volume discounts, or any other form of variable consideration is estimated using either the sum of probability weighted amounts in a range of possible consideration amounts (expected value), or the single most likely amount in a range of possible consideration amounts (most likely amount), depending on which method better predicts the amount of consideration realizable. Transaction price includes variable consideration only to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of our anticipated performance and all information that is reasonably available to us.

The Company recognizes an onerous contract provision when the expected unavoidable costs of meeting the future obligations exceed the expected economic benefits to be received under a contract. Such provision, if any, is recorded in the period in which such losses become probable and is included in cost of revenues.

Revenue recognized but not billed to customers is classified either as contract assets or unbilled receivable in balance sheet. Contract assets primarily relate to unbilled amounts on those contracts utilizing the cost to cost method of revenue recognition and right to consideration is not unconditional. Unbilled receivables represent contracts where right to consideration is unconditional (i.e. only the passage of time is required before the payment is due). A contract liability arises when there is excess billing over the revenue recognized.

Revenue from sales-type leases is recognized when risk of loss has been transferred to the client and there are no unfulfilled obligations that affect the final acceptance of the arrangement by the client.

Interest attributable to sales-type leases and direct financing leases included therein is recognized on an accrual basis using the effective interest method and is recognized as other income.

(g) Other Income

Other income mainly comprises interest income income tax refund, other interest income recognized using the effective interest method, profit on sale of mutual fund and net foreign exchange gains.

(h) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the excess is recognized as capital reserve after reassessing the fair values of the net assets.

(i) Income taxes

Income tax comprises current and deferred income tax.

Income tax expense is recognized in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. 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. Provision for income tax includes the impact of provisions established for uncertain income tax positions.

Deferred income tax assets and liabilities recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are recognized for those temporary difference which originate during the tax holiday period and are reversed after the tax holiday period. For this purpose, reversal of timing differences is determined using first in first out method.

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 tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the 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 entity and the same taxation authority.

The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the year 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.

(j) 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.

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.

Property, plant and equipment under construction and cost of assets not ready for use at 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 various assets for computing depreciation are as follows:

<u>Asset description</u>	<u>Asset life (in years)</u>
Building	20
Plant and equipment (including air conditioners, electrical installations)	10
Office equipment	5
Computers and networking equipment	4-5
Furniture and fixtures	7

The useful lives as given above best represent the period over which the management expects to use these assets, based on technical assessment. The estimated useful lives for these assets are therefore different from the useful lives 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.

(k) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

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

Sankalp Semiconductor Private Limited
Notes to financial statements for the year ended 31 March 2023
(All amounts in lakhs of ₹ except share data and as stated otherwise)

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

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

<u>Asset description</u>	<u>Asset life (in years)</u>
Software	3

(l) Leases

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

Company as a lessee

Company is lessee in case of office space. These leases are evaluated to determine whether it contains lease based on principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors as defined in Ind AS 116.

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

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

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

(m) Impairment of non-financial assets

Goodwill

Goodwill is tested annually on March 31, for impairment, or sooner whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU. Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU, pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill recognized in the statement of profit and loss is not reversed in the subsequent period.

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 recognized under the head "Depreciation and amortization expense" 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.

(n) Retirement and other employee benefits

- i. **Provident fund:** Employees of the Company receive benefits under the provident fund, a defined benefit plan. The employee and employer each make monthly contributions to the plan. A portion of the contribution is made to the provident fund trust managed by the Company or Government administered provident fund; while the balance contribution is made to the Government administered pension fund, a defined contribution plan. For the contribution made by the Company to the provident fund trust managed by the Company, the Company has an obligation to fund any shortfall on the yield of the Trust's investments over the administered interest rates. The liability is actuarially determined (using the projected unit credit method) at the end of the year. The funds contributed to the Trust are invested in specific securities as mandated by law and generally consist of federal and state government bonds, debt instruments of government-owned corporations and equity other eligible market securities.
- ii. **Gratuity liability:** The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's base salary and the tenure of employment (subject to a maximum of ₹ 20 lacs per employee). The liability is actuarially determined (using the projected unit credit method) at the end of each year. Actuarial gains/losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the year in which they occur.

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

- iii. **Compensated absences:** The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The employees can carry forward up to the specified portion of the unutilized accumulated compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.
- iv. **State Plan:** The contribution to State Plans in India, a defined contribution plan namely Employee State Insurance Fund is charged to the statement of profit and loss as and when employees render related services.

(o) Earnings per share (EPS)

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

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

(p) Provision and 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.

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 financial statements.

(q) Nature and purpose of reserves

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilized only for limited purposes such as issuance of bonus shares and buyback of shares in accordance with the provisions of the Companies Act, 2013 in India.

(r) Adoption of new accounting principles

Onerous contracts – cost of fulfilling a contract (amendment to Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets)

The amendment clarified that the ‘costs of fulfilling a contract’ comprise both the incremental costs and allocation of other direct costs. The Company has adopted this amendment effective 1 April 2022 and the adoption did not have any material impact on its financial statements.

(s) Recently issued accounting pronouncement

On 31 March 2023, the Ministry of Corporate Affairs (MCA), notified Companies (Indian Accounting Standards) Amendment Rules, 2023 effective from 1 April 2023. Following is key amended provision which may have an impact on the financial statements of the Company:

Disclosure of accounting policies (amendments to Ind AS 1 - Presentation of Financial Statements)

The amendments intend to assist in deciding which accounting policies to disclose in the financial statements. The amendments to Ind AS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Company does not expect this amendment to have any significant impact in its financial statements.

Definition of accounting estimate (amendments to Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)

The amendments distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

Deferred tax related to assets and liabilities arising from a single transaction (amendments to Ind AS 12 - Income Taxes)

The amendments specify how to account for deferred tax on transactions such as leases. The amendments clarify that lease transactions give rise to equal and offsetting temporary differences and financial statements should reflect the future tax impacts of these transactions through recognizing deferred tax. The Company is evaluating the impact, if any, in its financial statements.

Sankalp Semiconductor Private Limited

Notes to financial statements for the year ended 31 March 2023

(All amounts in lakhs of ₹, except share data and as stated otherwise)

2. Notes to financial statements

2.1 Property, plant and equipment

The changes in the carrying value for the year ended 31 March 2023

	Freehold Land	Building	Plant and equipment	Office equipment	Computers and networking equipment	Furniture and fixtures	Total
Gross block as at 1 April 2022	34	680	98	173	1,086	128	2,199
Additions	-	-	2	23	196	-	221
Less:- Adjustment	-	-	-	13	4	-	17
Disposals	-	-	-	-	2	-	2
Gross block as at 31 March 2023	34	680	100	183	1,276	128	2,401
Accumulated depreciation as at 1 April 2022	-	139	57	111	365	101	773
Depreciation	-	41	9	50	213	6	319
Less: -Adjustment	-	-	-	27	(25)	-	2
Disposals	-	-	-	-	2	-	2
Accumulated depreciation as at 31 March 2023	-	180	66	134	601	107	1,088
Net block as at 31 March 2023	34	500	34	49	675	21	1,313

The changes in the carrying value for the year ended 31 March 2022

	Freehold Land	Building	Plant and equipment	Office equipment	Computers and networking equipment	Furniture and fixtures	Total
Gross block as at 1 April 2021	34	680	92	154	569	128	1,657
Additions	-	-	6	20	517	-	543
Disposals	-	-	-	1	-	-	1
Gross block as at 31 March 2022	34	680	98	173	1,086	128	2,199
Accumulated depreciation as at 1 April 2021	-	98	48	95	221	91	553
Depreciation	-	41	9	17	144	10	221
Disposals	-	-	-	1	-	-	1
Accumulated depreciation as at 31 March 2022	-	139	57	111	365	101	773
Net block as at 31 March 2022	34	541	41	62	721	27	1,426
Net block as at 1 April 2021	34	582	44	59	348	37	1,104

2.2 Capital Work in Progress (CWIP)

The following table presents the ageing schedule for Capital-work-in progress:

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2023					
Projects in progress	4	-	-	-	4
	4	-	-	-	4
As at 31 March 2022					
Projects in progress	55	-	-	-	55
	55	-	-	-	55

2.3 Goodwill and other intangible asset

The changes in the carrying value for the year ended 31 March 2023

	Goodwill	Software
Gross block as at 1 April 2022	300	1,646
Add:- Adjustment	-	17
Gross block as at 31 March 2023	300	1,663
Accumulated amortization as at 1 April 2022	-	1,588
Amortization	-	70
Add:- Adjustment	-	2
Accumulated amortization as at 31 March 2023	-	1,660
Net block as at 31 March 2023	300	3
Estimated remaining useful life (in years)		2

The changes in the carrying value for the year ended 31 March 2022

	Goodwill	Software
Gross block as at 1 April 2021	300	1,641
Additions	-	5
Gross block as at 31 March 2022	300	1,646
Accumulated amortization as at 1 April 2021	-	1,347
Amortization	-	241
Accumulated amortization as at 31 March 2022	-	1,588
Net block as at 31 March 2022	300	58
Net block as at 1 April 2021	300	294
Estimated remaining useful life (in years)	-	3

Goodwill is tested annually on March 31, for impairment, or sooner whenever there is an indication that goodwill may be impaired. Impairment is recognized, when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. Goodwill is allocated on business, since there is one CGU and entire Goodwill is allocated on that CGU. The estimated value-in-use of the CGU is based on the future cash flow forecasts for 5 years and then on perpetuity on the basis of certain assumptions which include revenue growth, earnings before interest and taxes, taxes, capital outflow and working capital requirement. The assumptions are taken on the basis of past trends and management estimates and judgement. Future cash flows are discounted with "Weighted Average Cost of Capital". The key assumptions are as follows:

Assumptions	31 March 2023	31 March 2022
Average revenue growth rate (average of next 5 years) %	3	3
Terminal revenue growth rate (%)	4	5
Pre tax discount rate (%)	13.01	12.80

As at 31 March 2023 and 31 March 2022 the estimated recoverable amount of the CGU exceeded the carrying amount and accordingly, no impairment was recognized. An analysis of the sensitivity of the computation to a change in key assumptions based on reasonable probability did not identify any probable scenario in which the recoverable amount of the CGU would decrease below the carrying amount.

Sankalp Semiconductor Private Limited
Notes to financial statements for the year ended 31 March 2023

(All amounts in lakhs of ₹, except share data and as stated otherwise)

2.4 Investments

	As at	
	31 March 2023	31 March 2022
Financial assets		
Non - current		
Unquoted Investments		
Equity investment in subsidiary companies carried at cost (fully paid up)		
153 (31 March 2022, 153) equity shares of USD 400 each, in Sankalp USA Inc.	29	29
25,000 (31 March 2022, 25000) equity shares of Euro 1 each, in Sankalp Semiconductor Gmbh	18	18
1,600,000 (31 March 2022, 1,600,000) equity shares of 5 Canadian Cents each, in Sankalp Semiconductor Inc.	44	44
860,000 and 1,290,000 (31 March 2022, 860,000 and 1,290,000) equity shares of ₹ 9.27 each and ₹ 2 each, in Sankgij Semiconductor Private Limited	106	106
500,000 (31 March 2022, 500,000) equity shares of 1 Malaysian Ringget each, in Sankalp Semiconductor SDN BHD	79	79
10,000 (31 March 2022, 10,000) equity shares of ₹ 10 each, in Unified Softech Private Limited	10	10
176,364 (31 March 2022, Nil) equity shares of ₹ 10 each, in Quest Informatics Private Limited (refer below note)	4,137	-
Less: Provision for diminution in value of investment of:		
Unified Softech Private Limited	(10)	(10)
Sankalp USA Inc	(29)	(29)
Sankgij Semiconductor Private Limited	(106)	(106)
Sankalp Semiconductor SDN BHD	(72)	(72)
Sankalp Semiconductor Gmbh	(18)	-
	4,188	69
Current		
Unquoted Investment		
Carried at fair value through profit and loss		
Investment in mutual funds	5,197	4,886
	5,197	4,886
Total investments - financial assets	9,385	4,955
Aggregate amount of unquoted investments	9,385	4,955
Equity instruments carried at cost	4,188	69
Investment carried at fair value through profit and loss	5,197	4,886

Note:- On 12 July 2022, the Company had signed a definitive agreement to acquire 100% shareholding of Quest Informatics Private Limited (Quest) - an aftermarket, Industry 4.0 and Iot Company, based in Bengaluru, India for a consideration of ₹ 4,137 lakhs payable in cash. Quest serves global leaders in the aftermarket space with its cloud-enabled aftermarket ERP, field services management, and digital parts catalog product suites. The acquisition consummated on 12 July 2022 and the Company paid ₹ 2,945 lakhs, ₹ 400 lakhs has been paid subsequently, and balance is payable based on realization of net assets acquired as per the terms of the agreement.

(All amounts in lakhs of ₹, except share data and as stated otherwise)

	As at	
	31 March 2023	31 March 2022
Non - current		
Carried at amortized cost		
Security deposits	40	30
	40	30
Current		
Carried at amortized cost		
Security Deposits	-	51
Investment in transit	500	-
	500	51

	As at	
	31 March 2023	31 March 2022
Unsecured, considered good		
Advances other than capital advances		
Security Deposits	5	14
Others		
Prepaid expenses	155	126
	160	140

	As at	
	31 March 2023	31 March 2022
Billed		
Unsecured, considered good (refer note below)	2,967	2,937
Trade receivables - credit impaired	43	81
	3,010	3,018
Impairment allowance for bad and doubtful debts (refer note 2.23)	(47)	(83)
	2,963	2,935
Unbilled receivables	619	1,731
	3,582	4,666

Trade receivables	Not Due	Outstanding as at 31 March 2023 from the due date of payment					
		Less than 6 months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed – considered good	195	2,299	164	86	224	-	2,968
Undisputed – credit impaired	-	-	-	6	31	6	43
	195	2,299	164	92	255	6	3,011
Impairment allowance for bad and doubtful debts							(47)
							2,964
Unbilled receivables							619
							3,583

Sankalp Semiconductor Private Limited
Notes to financial statements for the year ended 31 March 2023

(All amounts in lakhs of ₹, except share data and as stated otherwise)

2.7 Trade receivable (continued)

Trade receivables	Not Due	Outstanding as at 31 March 2022 from the due date of payment					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed – considered good	371	2,367	158	41	-	-	2,937
Undisputed – credit impaired	-	-	-	51	29	1	81
	371	2,367	158	92	29	1	3,018
Impairment allowance for bad and doubtful debts							(83)
							2,935
Unbilled receivables							1,731
							4,666

2.8 Cash and cash equivalents

	As at	
	31 March 2023	31 March 2022
Balance with banks	73	841
	73	841

2.9 Other current assets

	As at	
	31 March 2023	31 March 2022
Unsecured , considered good		
Advances other than capital advances		
Security deposits	-	-
Advances to employees	34	2
Advances to suppliers	8	13
Others		
Prepaid expenses	643	545
Contract assets	109	423
Goods and service tax receivable	68	307
Other advances	202	208
Other advances - related parties (refer note 2.27)	-	-
	1,064	1,498
Unsecured, considered doubtful		
Advances other than capital advances		
Advances to employees	68	26
Less: Provision for doubtful advances	(68)	(26)
	-	-
	1,064	1,498

Sankalp Semiconductor Private Limited**Notes to financial statements for the year ended 31 March 2023**

(All amounts in lakhs of ₹, except share data and as stated otherwise)

2.10 Equity Share capital

	As at	
	31 March 2023	31 March 2022
Authorized		
18,000,000 (31 March 2022, 18,000,000) equity shares of ₹ 2 each	360	360
1,100,000 (31 March 2022, 1,100,000) preference shares of ₹ 100 each	1,100	1,100
Issued, subscribed and fully paid up		
7,589,107 (31 March 2022, 7,589,107) equity shares ₹ 2 each	152	152

Terms/ rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹2/-. 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 financial year:

	As at			
	31 March 2023		31 March 2022	
	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs
Number of shares at the beginning	7,589,107	152	7,589,107	152
Number of shares at the end	7,589,107	152	7,589,107	152

Shares held by holding company:

	As at			
	31 March 2023		31 March 2022	
	No. of shares	% holding in the class	No. of shares	% holding in the class
HCL Technologies Limited				
Equity shares of ₹ 2 each fully paid	7,589,107	100%	7,589,107	100%

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

Name of the shareholder	As at			
	31 March 2023		31 March 2022	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of ₹ 2 each fully paid				
HCL Technologies Limited, the holding company	7,589,107	100%	7,589,107	100%

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 were no bonus shares issued, no share issued for consideration other than cash and no shares bought back during the year (31 March 2022 : Nil).

Capital management

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

Sankalp Semiconductor Private Limited
Notes to financial statements for the year ended 31 March 2023

(All amounts in lakhs of ₹, except share data and as stated otherwise)

2.11 Provisions

	As at	
	31 March 2023	31 March 2022
Non - current		
Provision for employee benefits		
Provision for gratuity (refer note 2.26)	321	367
Provision for leave benefits	97	136
	418	503
Current		
Provision for employee benefits		
Provision for gratuity (refer note 2.26)	160	119
Provision for leave benefits	57	83
	217	202

2.12 Trade payables

	As at	
	31 March 2023	31 March 2022
Trade payables	272	385
Trade payables-related parties (refer note 2.27)	570	1,140
	842	1,525
Unbilled and accruals	231	492
Unbilled and accruals-related parties (refer note 2.27)	4	4
	235	496
	1,077	2,021

Particulars	Not Due	Outstanding as at 31 March 2023 from the due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	47	-	-	-	-	47
(ii) Others	295	431	68	1	-	795
	342	431	68	1	-	842
Unbilled and accruals						235
						1,077

Particulars	Not Due	Outstanding as at 31 March 2022 from the due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	3	-	-	-	-	3
(ii) Others	381	870	271	-	-	1,522
	384	870	271	-	-	1,525
Unbilled and accruals						496
						2,021

Sankalp Semiconductor Private Limited
Notes to financial statements for the year ended 31 March 2023
(All amounts in lakhs of ₹, except share data and as stated otherwise)

2.13 Other financial liabilities

	As at	
	31 March 2023	31 March 2022
Current		
Carried at amortized cost		
Deferred consideration (refer note 2.4)	792	-
Accrued salaries and benefits		
Employee bonuses accrued	481	481
Other employee costs	263	393
Others		
Capital accounts payables	17	349
	1,553	1,223

2.14 Contract Liabilities

	As at	
	31 March 2023	31 March 2022
Current		
Contract liabilities	-	6
Contract liabilities - related party (refer note 2.27)	241	-
	241	6

2.15 Other current liabilities

	As at	
	31 March 2023	31 March 2022
Withholding and other taxes payable	290	198
	290	198

2.16 Revenue from operations

	Year ended	
	31 March 2023	31 March 2022
Sale of services	18,061	20,617
	18,061	20,617

Disaggregate Revenue Information

The disaggregated geography revenue with the customers is as follows

	Year ended	
	31 March 2023	31 March 2022
Geography wise		
India	11,666	8,987
America	2,857	9,150
Rest of the world	3,538	2,480
Total	18,061	20,617

Sankalp Semiconductor Private Limited**Notes to financial statements for the year ended 31 March 2023**

(All amounts in lakhs of ₹, except share data and as stated otherwise)

2.16 Revenue from operations (continued)**Remaining performance obligations**

Remaining performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). As at 31 March 2023, the aggregate amount of transaction price allocated to remaining performance obligations as per the requirements of Ind AS 115 was INR 1,550 lakhs (31 March 2022, INR 2,637 lakhs) out of which approximately 47% (31 March 2022, 32%) is expected to be recognized as revenues within one year and the balance beyond one year. These amounts are not adjusted for variable consideration allocated to remaining performance obligation, which are not probable. These amounts also exclude contracts for which we recognize revenues based on the right to invoice for services performed and contracts where 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 : As on 31 March 2023 and 2022, all the contract assets pertains to current year.

Contract liabilities :

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

	Year ended	
	31 March 2023	31 March 2022
Balance as at beginning of the year	6	173
Additional amount billed but not recognized as revenue	241	6
Deduction on account of revenues recognized during the year	(6)	(173)
Balance as at end of the year	241	6

Reconciliation of revenue recognised with the contracted price is as follows:

	Year ended	
	31 March 2023	31 March 2022
Contracted price	18,093	20,822
Reduction towards variable consideration components	(32)	(205)
Revenue recognised	18,061	20,617

The reduction towards variable consideration comprises of volume discount.

2.17 Other income

	Year ended	
	31 March 2023	31 March 2022
Interest Income		
- On other financial instruments carried at amorized cost	2	3
- On income tax refund	29	191
- On others	-	-
Income on investments carried at fair value through profit and loss		
- Unrealized gains on fair value changes on mutual funds	59	3
- Profit on sale of mutual funds	107	104
Exchange differences (net)	51	97
Provision for doubtful debt /bad debts written back	63	-
Miscellaneous income	3	17
	314	415

2.18 Employee benefits expense

	Year ended	
	31 March 2023	31 March 2022
Salaries, wages and bonus	10,419	11,194
Contribution to provident fund and other employee funds	368	392
Staff welfare expenses	42	13
	10,829	11,599

Sankalp Semiconductor Private Limited**Notes to financial statements for the year ended 31 March 2023**

(All amounts in lakhs of ₹, except share data and as stated otherwise)

2.19 Finance cost

	Year ended	
	31 March 2023	31 March 2022
Interest		
-on lease liabilities	17	15
- on direct taxes	-	2
Bank charges	6	10
	23	27

2.20 Other expenses

	Year ended	
	31 March 2023	31 March 2022
Rent (refer note 2.24)	99	63
Power and fuel	80	62
Insurance	1	1
Dimunition in the value of investment	18	5
Repairs and maintenance		
- Plant and equipment	93	56
- Building	28	50
- Others	159	115
Business promotion	12	7
Communication costs	65	76
Travel and conveyance	99	63
Legal and professional charges	27	37
Software license fee	659	441
Rates and taxes	18	6
Recruitment, training and development	29	1,079
Expenditure towards corporate social responsibility activities (refer note 2.31)	46	28
Provision for doubtful debts/ bad debts written off	-	45
Provision made for current assets	-	18
Miscellaneous expenses	69	85
	1,502	2,237

2.21 Income taxes

	Year ended	
	31 March 2023	31 March 2022
Income tax charged to statement of profit and loss		
Current income tax charge	882	720
Deferred tax charge	16	91
	898	811
Income tax charged to other comprehensive income		
Expense (benefit) on re-measurements of defined benefit plans	2	(10)
	2	(10)

Sankalp Semiconductor Private Limited
Notes to financial statements for the year ended 31 March 2023
(All amounts in lakhs of ₹, except share data and as stated otherwise)

2.21 Income taxes (continued)

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 2023	31 March 2022
Profit before tax	3,343	3,400
Statutory tax rate in India	25.17%	25.17%
Expected tax expense	841	856
Other permanent differences	12	6
Reversal of prior year provision	(4)	(39)
TDS Sunk cost	47	-
Others (net)	2	(12)
Total taxes	898	811
Effective income tax rate	26.87%	23.87%

Components of deferred tax assets and liabilities as on 31 March 2023

	Opening balance	Recognized in profit and loss	Recognized in / reclassified from OCI	Closing balance
Deferred tax assets				
Provision for doubtful debts	28	1	-	29
Accrued employee costs	201	(7)	(2)	192
Property, plant and equipment	66	(28)	-	38
Others	1	32	-	33
Gross deferred tax assets (A)	296	(2)	(2)	292
Deferred tax liabilities				
Others	3	14	-	17
Gross deferred tax liabilities (B)	3	14	-	17
Net deferred tax assets (A-B)	293	(16)	(2)	275

Components of deferred tax assets and liabilities as on 31 March 2022

	Opening balance	Recognized in profit and loss	Recognized in / reclassified from OCI	Closing balance
Deferred tax assets				
Provision for doubtful debts	12	16	-	28
Accrued employee costs	255	(64)	10	201
Property, plant and equipment	83	(17)	-	66
Others	26	(25)	-	1
Gross deferred tax assets (A)	376	(90)	10	296
Deferred tax liabilities				
Others	2	1	-	3
Gross deferred tax liabilities (B)	2	1	-	3
Net deferred tax assets (A-B)	374	(91)	10	293

Sankalp Semiconductor Private Limited
Notes to financial statements for the year ended 31 March 2023
(All amounts in lakhs of ₹, except share data and as stated otherwise)

2.22 Earnings per equity share (EPS)

The computation of earnings per equity share is as follows:

	Year ended	
	31 March 2023	31 March 2022
Profit for the year attributable to shareholders of the Company	2,445	2,589
Weighted average number of equity shares outstanding in calculating basic EPS	7,589,107	7,589,107
Weighted average number of equity shares outstanding in calculating diluted EPS	7,589,107	7,589,107
Nominal value of equity shares (in ₹)	2	2
Earnings per equity share (in ₹)		
- Basic	32.22	34.12
- Diluted	32.22	34.12

2.23 Financial instruments

(a) Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March 2023 is as follows:

	Fair value through profit and loss	Amortized cost	Total carrying value
Financial assets			
Investments	5,197	4,188	9,385
Trade receivables (including unbilled)	-	3,582	3,582
Cash and cash equivalents	-	73	73
Others	-	540	540
Total	5,197	8,383	13,580
Financial liabilities			
Lease liabilities	-	777	777
Trade payables (including unbilled and accruals)	-	1,077	1,077
Others	-	1,553	1,553
Total	-	3,407	3,407

The carrying value of financial instruments by categories as at 31 March 2022 is as follows:

	Fair value through profit and loss	Amortized cost	Total carrying value
Financial assets			
Investments	4,886	69	4,955
Trade receivables (including unbilled)	-	4,666	4,666
Cash and cash equivalents	-	841	841
Others	-	81	81
Total	4,886	5,657	10,543
Financial liabilities			
Trade payables (including unbilled and accruals)	-	2,021	2,021
Others	-	1,223	1,223
Total	-	3,244	3,244

Sankalp Semiconductor Private Limited
Notes to financial statements for the year ended 31 March 2023
(All amounts in lakhs of ₹, except share data and as stated otherwise)

2.23 Financial instruments (continued)

Fair value hierarchy

The assets and liabilities measured at fair value on a recurring basis as at 31 March 2023 and the basis for that measurement is as below:

	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Assets				
Investments carried at fair value through profit and loss	5,197	5,197	-	-

The assets and liabilities measured at fair value on a recurring basis as at 31 March 2022 and the basis for that measurement is as below:

	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Assets				
Investments carried at fair value through profit and loss	4,886	4,886	-	-

There have been no transfers between Level 1 and Level 2 during the current and previous year.

Valuation methodologies

Investments: The Company's investments consist of investment in debt linked mutual funds which are determined using quoted prices or identical quoted prices of assets or liabilities in active markets and are classified as Level 1.

The Company assessed that fair value of cash and cash equivalents, trade receivables, trade payables, other current financial 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. The Company has a risk management policy to manage and mitigate these risks.

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

Market risk

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

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 in foreign subsidiaries.

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

Appreciation / depreciation of 1% in respective foreign currencies with respect to functional currency of the Company and its subsidiaries would result in decrease / increase in the Company's profit before tax by approximately ₹ 241 (31 March 2022, ₹ 361 lakhs) lakhs for the year ended 31 March 2023.

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.

Sankalp Semiconductor Private Limited
Notes to financial statements for the year ended 31 March 2023
(All amounts in lakhs of ₹, except share data and as stated otherwise)

2.23 Financial instruments (continued)

Non-derivative foreign currency exposure as of 31 March 2023 and 31 March 2022 in major currencies is as below:

	Financial assets		Financial liabilities	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
USD / INR	864	1,923	272	320
JPY / INR	22,936	34,450	-	-

Credit risk

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

The customers of the Company are primarily corporations based in India and United States of America and accordingly, trade receivables and unbilled 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 trade receivables, unbilled receivables and contract assets. No single customer accounted for more than 10% of trade receivables, unbilled receivables and finance lease receivables. The Company also outsourced selected client related credit risks to financial markets through “Non-recourse assignment” of receivables.

The allowance for lifetime expected credit loss on customer balances is as below:

	As at	
	31 March 2023	31 March 2022
Balance at the beginning of the year	83	38
Additional provision during the year	3	53
Deductions on account of write offs and collections	(39)	(8)
Balance at the end of the year	47	83

Liquidity risk

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

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

	Year 1 (Current)	Year 2	Year 3	Year 4-5 and there after	Total
As at 31 March 2023					
Lease Liabilities	172	181	190	371	914
Trade payables (including unbilled and accruals)	1,077	-	-	-	1,077
Other financial liabilities	1,553	-	-	-	1,553
Total	2,802	181	190	371	3,544
As at 31 March 2022					
Trade payables (including unbilled and accruals)	2,021	-	-	-	2,021
Other financial liabilities	1,223	-	-	-	1,223
Total	3,244	-	-	-	3,244

Sankalp Semiconductor Private Limited
Notes to financial statements for the year ended 31 March 2023
(All amounts in lakhs of ₹, except share data and as stated otherwise)

2.24 Leases

Company as a lessee

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

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

	Building
Balance as at 1 April 2021	359
Depreciation	(107)
Adjustment	(7)
Derecognition	(245)
Balance as at 31 March 2022	-
Balance as at 1 April 2022	-
Additions	832
Depreciation	(53)
Balance as at 31 March 2023	779

The reconciliation of lease liabilities is as follows:

	Year ended	
	31 March 2023	31 March 2022
Balance as at beginning of the year	-	370
Additions	819	-
Amounts recognized in statement of profit and loss as interest expense	17	15
Payment of lease liabilities	(59)	(126)
Derecognition	-	(259)
Balance as at end of the year	777	-

The lease rental expense relating to short-term leases recognized in the statement of profit and loss for the year amounted to ₹ 99 lakhs (previous year ₹ 63 lakhs)

The following table presents a maturity analysis of expected undiscounted cash flows for lease liabilities:

	As at	
	31 March 2023	31 March 2022
Within one year	172	-
One to two years	181	-
Two to three years	190	-
Three to five years	371	-
Total lease payments	914	-
Imputed interest	(137)	-
Total lease liabilities	777	-

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

2.25 Segment reporting

In the opinion of management company has only one business segment hence there are no reportable segments as envisaged in Ind AS 108 'Operating Segments' notified under section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules 2014.

2.26 Employee benefits

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

A. Defined contribution plans and state plans

Employer's contribution to Employees Provident Fund

Employer's contribution to Employees Pension Scheme

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

	Year ended	
	31 March 2023	31 March 2022
Employer's contribution to Employees Provident Fund	300	284
Employer's contribution to Employees Pension Scheme	60	97
Total	360	381

B. Defined benefit plans

Gratuity

The following table sets out the status of the gratuity plan:

Statement of profit and loss

	Year ended	
	31 March 2023	31 March 2022
Current service cost	89	63
Interest cost (net)	25	19
Net benefit expense	114	82

Balance sheet

	As at	
	31 March 2023	31 March 2022
Defined benefit obligation	482	492
Fair value of plan assets	(1)	(6)
Net plan liability	481	486
Current defined benefit obligations	160	119
Non-current defined benefit obligations	321	367

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

	Year ended	
	31 March 2023	31 March 2022
Opening defined benefit obligations	492	491
Current service cost	89	63
Interest cost	24	23
Re-measurement (gains) losses in OCI		
Actuarial changes arising from changes in demographic assumptions	(13)	-
Actuarial changes arising from changes in financial assumptions	(54)	14
Experience adjustments	59	24
Transfer in/out obligation	(18)	38
Benefits paid	(97)	(161)
Closing defined benefit obligations	482	492

2.26 Employee benefits (continued)

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

	Year ended	
	31 March 2023	31 March 2022
Opening fair value of plan assets	6	87
Interest income (expense)	(1)	4
Contributions	116	77
Re-measurement gains (losses) in OCI		
Return on plan assets, excluding amount recognized in interest income	1	(1)
Benefits paid	(121)	(161)
Closing fair value of plan assets	1	6

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

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

	Year ended	
	31 March 2023	31 March 2022
Discount rate	7.25%	5.55%
Estimated rate of salary increase	6.50%	8.00%
Expected rate of return on assets	7.25%	5.55%

The estimates of future salary increases, considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Inherent risk exists for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

Discount rate and future salary escalation rate are the key actuarial assumptions to which the defined benefit obligations are particularly sensitive. The following table summarizes the impact on defined benefit obligations as at 31 March 2023 arising due to increase / decrease in key actuarial assumptions by 50 basis points:

	Discount rate		Salary escalation rate	
	As at		As at	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Impact of increase	(8)	(9)	8	10
Impact of decrease	8	11	(8)	(10)

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

The defined benefit obligations are expected to mature after 31 March 2023 as follows:-

Year ending 31 March	Cash flows
- 2024	160
- 2025	144
- 2026	141
- 2027	141
- 2028	116
- Thereafter	457

The weighted average duration of the payment of these cash flows is 4 years.

Sankalp Semiconductor Private Limited

Notes to financial statements for the year ended 31 March 2023

(All amounts in lakhs of ₹, except share data and as stated otherwise)

2.27 Related party transactions

a) Holding Company

HCL Technologies Limited

b) Related parties where control exists

List of subsidiaries as at 31 March 2023 and 31 March 2022 is as below:

- (1) Sankalp Semiconductor GmbH
- (2) Sankalp Semiconductor Inc.
- (3) Sankalp USA Inc. !
- (4) Sankalp Semiconductor Private Limited
- (5) Sankalp Semiconductor SDN. BHD.
- (6) Quest Informatics Private Limited #

List of employee benefit trust as at 31 March 2023 and 31 March 2022 is as below:

Sankalp Semiconductor Private Limited Employees Group Gratuity Trust

Sankalp Stock Trust (closed w.e.f. 6th March 2023)

c) Related parties with whom transactions have taken place

Fellow subsidiaries

- (1) HCL America Inc.
- (2) HCL (Brazil) Tecnologia da Informacao LTDA
- (3) HCL America Solutions Inc.
- (4) HCL Technologies Germany GmbH
- (5) HCL Technologies UK Limited
- (6) HCL Technologies Corporate Services Limited
- (7) HCL Japan Limited
- (8) HCL Technologies Malaysia SDN BHD.
- (9) HCL Canada Inc.
- (10) HCL Poland SP.z.o.o
- (11) HCL Axon Solutions (Shanghai) Co. Limited
- (12) HCL Technologies Taiwan Limited

Others (significant influence)

HCL Avitas Private Limited

! Closed during the year

Acquired during the year

Sankalp Semiconductor Private Limited
Notes to financial statements for the year ended 31 March 2023
(All amounts in lakhs of ₹, except share data and as stated otherwise)

2.27 Related party transactions (continued)

Transactions with related parties during the normal course of business	Holding Company		Subsidiaries		Fellow subsidiaries		Significant influence	
	Year ended		Year ended		Year ended		Year ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Revenue from operations	9,173	2,931	8	68	2,882	1,760	-	-
Consulting charges	90	869	55	-	299	210	-	-
Other expenses	1	-	-	-	-	-	24	12

Outstanding balances	Holding Company		Subsidiaries		Fellow subsidiaries		Significant influence	
	As at		As at		As at		As at	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Trade receivable, other financial assets and other assets	1,850	1,543	63	114	530	759	-	-
Trade payables, other financial liabilities and other liabilities	503	1,019	52	-	257	122	3	2

Material related party transactions	Year ended	
	31 March 2023	31 March 2022
HCL Technologies Limited		
Revenue from operations		2,931
Consulting charges		869
Other expenses		-
HCL Technologies Corporate Services		
Revenue from operations		-
Consulting charges	2,404	-

Material related party balances	As at	
	31 March 2023	31 March 2022
HCL Technologies Limited		
Trade receivable, other financial assets and other assets	-	1,543
Trade payables, other financial liabilities and other liabilities	-	1,019

Sankalp Semiconductor Private Limited**Notes to financial statements for the year ended 31 March 2023**

(All amounts in lakhs of ₹, except share data and as stated otherwise)

2.28 Ratio

Ratio	Numerator	Denominator	Units	Year ended		% Variance
				31 March 2023	31 March 2022	
Current ratio	Current assets	Current liabilities	Times	3.2	3.5	-10.5%
Debt equity ratio	Total Debt (refer note 1 below)	Total Equity	Times	0.1	-	100.0%
Debt service coverage ratio	Earnings available for debt service (refer note 2 below)	Debt service (refer note 3 below)	Times	49.5	25.1	97.1%
Return on equity ratio	Profit for the year	Average total equity	%	19.8%	26.3%	-24.7%
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	Times	4.4	4.6	-4.8%
Trade payables turnover ratio	Net credit purchases (refer note below 4)	Average trade payables	Times	2.4	2.9	-16.8%
Net capital turnover ratio	Revenue from operations	Working capital (refer note below 5)	Times	2.4	2.2	8.1%
Net profit ratio	Profit for the year	Revenue from operations	%	13.5%	12.6%	7.8%
Return on capital employed	Earning before interest and taxes	Capital employed (refer note 6 below)	%	23.6%	29.7%	-20.4%
Return on investment - Unquoted	Income generated from invested funds	Time weighted average investments	%	4.8%	3.4%	41.2%

Notes :

(1) Total debts consists lease liabilities

(2) Earnings available for debt services = Profit for the year + depreciation and amortisation + interest + loss on sale of property, plant and equipment + provision for doubtful debts + non cash charges

(3) Debt service = Interest + payment for lease liabilities + principal repayments

(4) Net credit purchase includes outsourcing costs and other expenses

(5) Working capital = current assets - current liabilities

(6) Capital employed = Tangible net worth includes acquired goodwill and other intangible assets + total debt - deferred tax assets

(7) Average is calculated based on simple average of opening and closing balances.

Explanation where change in the ratio is more than 25%

1. Debt equity ratio is increased because of lease liability as on 31.03.2023. As on 31.03.2022, lease liability balance was Nil

2. Debt service coverage ratio is improved because of increase in profit for the year

3. Return on unquoted investment increased due to favourable market conditions

2.29 Payment to auditors

	Year ended	
	31 March 2023	31 March 2022
Audit fees	14	10
Other services (Tax audit fees)	3	2
	17	12

2.30 Micro and small enterprises

As per information available with the management, the dues payable to enterprises covered under “The Micro, Small and Medium Enterprises Development Act, 2006” are as follows:

	For the year ended 31 March 2023		For the year ended 31 March 2022	
	Principal	Interest	Principal	Interest
Amount due to Vendor (including capital accounts payable)	-	-	-	-
Principal amount paid beyond the appointed date	-	-	-	-
Interest under normal credit terms -				
Accrued and unpaid during the year	-	-	-	-
Total interest payable -				
Accrued and unpaid during the year	-	2	-	2

This has been determined on the basis of responses received from vendors on specific confirmation sought by the Company.

2.31 Corporate social responsibility

	Year ended	
	31 March 2023	31 March 2022
(i) amount required to be spent by the company during the year,	46	28
(ii) amount of expenditure incurred,		
(a) Construction/acquisition of any assets		-
(b) On purpose other than above	46	28
(iii) shortfall at the end of the year,	-	-
(iv) total of previous years shortfall,	-	-
(v) reason for shortfall,	-	-
(vi) nature of CSR activities,	Education, Gender & Inclusion	
(vii) details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard,	NA	NA
(viii) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	-	-

Sankalp Semiconductor Private Limited
Notes to financial statements for the year ended 31 March 2023
(All amounts in lakhs of ₹, except share data and as stated otherwise)

2.32 No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

2.33 Commitments and contingent liabilities

	Year ended	
	31 March 2023	31 March 2022
Capital and other commitments		
Capital commitments	30	86

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified and the final rules are yet to be framed. The Company will carry out an evaluation of the impact and record the same in the financial statements in the period in which the Code becomes effective and the related rules are published.

As per our report of even date attached

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

GAJENDRA SHARMA Digitally signed by
GAJENDRA SHARMA
Date: 2023.06.29
15:45:06 +05'30'

Gajendra Sharma
Partner
Membership Number: 064440

Gurugram, India
29 June 2023

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

ANUP DUTTA Digitally signed by
ANUP DUTTA
Date: 2023.06.29 15:45:06 +05'30'

Anup Dutta
Director
DIN - 01051776

Noida (UP), India
29 June 2023

GOUTAM RUNGTA Digitally signed by
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Date: 2023.06.29 15:45:06 +05'30'

Goutam Rungta
Director
DIN - 08599656