

Independent Auditor's Report

To the Board of Directors of Sankalp Semiconductor Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sankalp Semiconductor Inc. (the "Company"), which comprise the Balance Sheet as at 31 March 2025, 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 material accounting policies and other explanatory information (collectively 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 a true and fair view in conformity with the accounting principles generally accepted in India relating to the liquidation basis of accounting, of the state of affairs of the Company as at 31 March 2025, 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") issued by the Institute of Chartered Accountants of India (ICAI). 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 ICAI together with the ethical requirements that are relevant to our audit of the financial statements, 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.

Emphasis of Matter

We draw attention to Note 1(a) in the financial statements, which states that there is significant doubt on the entity's ability to continue as a going concern. The financial statements of the company have been prepared on the basis that the fundamental accounting assumption of going concern is no longer appropriate. Where appropriate, adjustment had been made to reduce the carrying value of asset to their estimated realizable value, to provide for any further liabilities which would arise, and classify long term liabilities and assets as current liabilities and assets.

Our opinion is not modified in respect of this matter.

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

The Company's Management and Board of Directors are responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, relating to liquidation basis of accounting, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 ('the Act'). This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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. In the present case the Management and Board of Directors intends to liquidate the Company.

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 but not for the purpose of expressing opinion on whether the company has in place adequate internal financial controls with reference to financial statements and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements 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

B S R & Associates LLP

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. In the present case, liquidation basis of accounting has been used since the Management and Board of Directors have concluded that the use of going concern basis is not appropriate in the facts and circumstances as stated in Note 1(a).

- Evaluate the overall presentation, structure and content of the financial statements, including the 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.

Other Matter-Restriction on Use

As explained in note 1(a), these financial statements are prepared for the use by the Company and the Ultimate Holding Company, HCL Technologies Limited, to comply with the requirements of the Act. These financial statements are not the statutory financial statements of the Company. As a result, these financial statements may not be suitable for another purpose. Our report must not be copied, disclosed, quoted, or referred to, in correspondence or discussion, in whole or in part to anyone other than the purpose for which it has been issued without our prior written consent.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No. 116231W/W-100024

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GIRISH ARORA
Date: 2025.06.25
23:09:11 +05'30'

Place: Gurugram, India
Date: 25th June 2025

Girish Arora
Partner
Membership No. 098652
ICAI UDIN: **25098652BMKXQI8017**

Sankalp Semiconductor Inc.

FINANCIAL STATEMENTS

For the year ended 31 March 2025 and 2024

Sankalp Semiconductor Inc.**Balance Sheet**

(All amounts in CAD thousands, except shares, per share data and as stated otherwise)

	Note No.	As at 31 March 2025	As at 31 March 2024
I ASSETS			
(1) Current assets			
(a) Financial assets			
(i) Trade receivables - billed	2.1	-	121
(ii) Cash and cash equivalents	2.2	1,366	1,377
(b) Other current assets	2.3	-	9
Total current assets		1,366	1,507
TOTAL ASSETS		1,366	1,507
II EQUITY			
(a) Equity share capital	2.4	80	80
(b) Other equity		1,281	1,267
TOTAL EQUITY		1,361	1,347
III LIABILITIES			
(1) Current liabilities			
(a) Financial liabilities			
(i) Trade payables			
Billed	2.5	-	100
Unbilled and accruals	2.5	-	14
(b) Current tax liabilities (net)		5	46
Total liabilities		5	160
TOTAL EQUITY AND LIABILITIES		1,366	1,507
Material 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

ICAI Firm Registration Number : 116231W/W-100024

Signed by:

Girish Arora

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Girish Arora

Partner

Membership Number: 098652

Gurugram, India

Date: 25 June 2025

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

Signed by:

Goutam Rungta

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Goutam Rungta

Director

Noida(UP), India

Date: 25 June 2025

Signed by:

Raghu Raman Lakshmanan

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Raghu Raman Lakshmanan

Director

Texas, USA

Date: 25 June 2025

Sankalp Semiconductor Inc.**Statement of Profit and Loss**

(All amounts in CAD thousands, except shares, per share data and as stated otherwise)

	Note No.	Year ended	
		31 March 2025	31 March 2024
I Income			
Revenue from operations	2.6	2	358
Other income	2.7	48	218
Total income		50	576
II Expenses			
Employee benefits expenses	2.8	-	303
Finance costs	2.9	10	8
Other expenses	2.10	21	29
Total expenses		31	340
III Profit before tax		19	236
IV Tax expense	2.11		
Current tax		5	64
Total tax expense		5	64
V Profit for the year		14	172
VI Other comprehensive income		-	-
VII Total comprehensive income for the year		14	172
Earnings per equity share of CAD 0.05 each	2.12		
Basic		0.01	0.11
Diluted		0.01	0.11
Material accounting policies	1		

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Sankalp Semiconductor Inc.
Statement of Changes in Equity

(All amounts in CAD thousands, except shares, per share data and as stated otherwise)

Particulars	Equity share capital		Other equity	Total equity
	Number of shares	Share capital	Reserves and surplus Retained earnings	
Balance as at 1 April 2023	1,600,000	80	1,095	1,175
Profit for the year	-	-	172	172
Balance as at 31 March 2024	1,600,000	80	1,267	1,347
Balance as at 1 April 2024	1,600,000	80	1,267	1,347
Profit for the year	-	-	14	14
Balance as at 31 March 2025	1,600,000	80	1,281	1,361

Refer note 1 for material 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
ICAI Firm Registration Number : 116231W/W-100024

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Sankalp Semiconductor Inc.**Statement of Cash Flows**

(All amounts in CAD thousands, except shares, per share data and as stated otherwise)

	Year ended	
	31 March 2025	31 March 2024
A. Cash flows from operating activities		
Profit before tax	19	236
Adjustments for:		
Interest income	(44)	(52)
Provision for doubtful debts/bad debts written off (net)	4	-
Operating profit (loss) before working capital changes	(21)	184
Net change in		
Trade receivables	117	83
Other current assets	9	23
Trade payables	(114)	(24)
Other financial liabilities, contract liabilities, provisions and other liabilities	-	(421)
Cash used in operations	(9)	(155)
Income taxes paid (net of refunds)	(46)	(2)
Net cash flow used in operating activities	(A) (55)	(157)
B. Cash flows from investing activities		
Interest received	44	52
Net cash flow from investing activities	(B) 44	52
Net decrease in cash and cash equivalents (A+B)	(11)	(105)
Cash and cash equivalents at the beginning of the year	1,377	1,482
Cash and cash equivalents at the end of the year as per note 2.2	1,366	1,377

Material 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

ICAI Firm Registration Number : 116231W/W-100024

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Gurugram, India

Date: 25 June 2025

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Raghu Raman Lakshmanan

Director

Texas, USA

Date: 25 June 2025

Sankalp Semiconductor Inc.

Notes to financial statements for the year ended 31 March 2025

(All amounts in CAD thousands, except shares, per share data and as stated otherwise)

ORGANIZATION AND NATURE OF OPERATIONS

Sankalp Semiconductor Inc. (hereinafter referred to as "the Company") incorporated in January 2014 having its registered office in 7125 Mississauga Road, Mississauga, Ontario, Canada L5N 0C2 is primarily engaged in providing a range of design services in semiconductor industry. Sankalp Semiconductor Inc. is a wholly owned subsidiary of Sankalp Semiconductor Private Limited. Sankalp Semiconductor Private Limited having its registered office at plot 9, survey no. 89, Aryabhata Tech Park, Navanagar, Hubli, Dharwad, Karnataka is subsidiary of HCL Technologies Limited. HCL Technologies Limited has its registered office at 806, Siddharth, 96, Nehru Palace, New Delhi - 110019.

The financial statements for the year ended 31 March 2025 were approved and authorized for issue by the Board of Directors on 25 June 2025.

1. MATERIAL ACCOUNTING POLICIES

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with recognition and measurement principles laid down in Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 (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. The Company is not domiciled in India and hence was not incorporated under Companies Act, 2013 or under any previous Company law in India. These Financial Statements have been prepared on the request of the Ultimate holding company to comply with the financial reporting requirement in India.

The management of the Company intends to liquidate the entity and basis review of business, management of the Company believes that there is a significant doubt on the entity's ability to continue as going concern. Accordingly, the financial statements of the Company have been prepared on the basis that the fundamental accounting assumption of going concern is no longer appropriate.

Preparation of financial statements on a basis other than going concern involves the company making estimates and assumptions that affect the reported amounts of assets and liabilities. Estimation are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances and are continually re-valuated. Where appropriate, adjustment had been made to reduce the carrying value of asset to their estimated realizable value, to provide for any further liabilities which would arise, and classify long term liabilities and assets as current liabilities and assets.

The statement of cash flows has been prepared under indirect method. The functional currency of the Company is CAD. All amounts are presented in thousands of CAD rounded to whole number and amounts less than CAD 0.50 thousands are presented "-".

b) Use of estimates, judgements and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make estimates, judgement and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. 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 , judgements and assumptions are used for, but not limited to,

- i. Allowance for uncollectible accounts receivables, refer note 1(j)(i).
- ii. Recognition of income, refer note 1(e).
- iii. Contingent liabilities, refer note 1(h).

Sankalp Semiconductor Inc.

Notes to financial statements for the year ended 31 March 2025

(All amounts in CAD thousands, except shares, per share data and as stated otherwise)

c) Foreign currency and translation

The financial statements of the Company are presented in its functional currency CAD. For each foreign operation, the Company determines the functional currency which is its respective local 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 and in the principal or most advantageous market for that asset or liability.

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

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

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

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

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

- a) Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- b) Income approach - Converting the future amounts based on market expectations to its present value using the discounting methodology.
- c) Cost approach - Replacement cost method.

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) Revenue recognition

Revenue is recognized when, or as, control of a promised service or good transfers to a customer, in an amount that reflects the consideration (Transaction price) to which the Company expects to be entitled in exchange for transferring those products or services (Performance obligation). Revenue is recognized for any contract, once it is approved in writing, is legally enforceable, the rights of the parties are identified, payment terms are defined, the contract has commercial substance and collectability of consideration is probable. Revenue is measured based on the Transaction price which is the consideration of the contract and is shown net of applicable taxes and adjusted for any variable consideration like volume discounts, service level allowances, incentive or any other discount. Transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component.

Revenue from time-and-material, volume based, and transaction-based contracts is recognized as the related services are performed through efforts expended, units serviced, number of transactions processed, etc. that correspond with value transferred to customer.

Sankalp Semiconductor Inc.

Notes to financial statements for the year ended 31 March 2025

(All amounts in CAD thousands, except shares, per share data and as stated otherwise)

e) Revenue recognition (continued)

Revenue related to fixed price contracts where performance obligations and control are satisfied over a period of time like technology integration contracts, complex network building contracts, system implementations and application development contracts is recognized based on progress towards completion of the performance obligation using percentage-of-completion method. 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 an increase or decrease in revenue and such changes are recorded in the period in which they are identified.

In arrangements involving sharing of customer revenues for services delivered, revenue is recognized when the right to receive such revenue share is established.

Revenue related to other fixed price contracts providing maintenance and support services, are recognized based on the right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If invoicing is not consistent with value delivered, revenues are recognized basis stand-alone selling price for the service performed. The Company uses cost plus expected margin to determine stand-alone selling price.

Revenue from distinct proprietary software is recognized at a point in time at the inception of the arrangement when right to use is granted to the customer. In the case of renewals of term licenses with existing customers, revenue from term license is recognized at a point in time when the renewal is agreed on signing of contracts. Revenue from support and subscription (S&S) is recognized over the contract term on a straight-line basis as the Company is providing a service of standing ready to provide support, when-and-if needed, and is providing unspecified software upgrades on a when-and-if available basis over the contract term. In case software are bundled with support and subscription either for perpetual or term based license, such support and subscription contracts are generally priced as a percentage of the net fees paid by the customer to purchase the license and are generally recognized as revenues ratably over the contractual period that the support services are provided.

When a sales arrangement contains provision of multiple products, services and software licenses, company identifies the distinct performance obligation including lease obligation and allocates total consideration to each performance obligation on a relative standalone selling price. Company uses cost plus expected margin to determine standalone selling price. Revenue from finance leases is recognized when all risks and ownership are transferred to the customer, with no remaining obligations that affect acceptance. Revenue is recognized at the fair value of the asset or, if lower, the present value of lease payments, discounted at a market interest rate. Interest from finance leases is recognized as other income on an accrual basis using the effective interest method.

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, once control of a promised good is transferred to a customer.

Revenue from certain activities in transition services in outsourcing arrangements are not capable of being distinct or represent separate performance obligation and is 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 are considered as contract fulfillment costs and 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, usually on a straight-line basis, over the term of the contract.

An onerous contract provision is recognized 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 the cost of revenues.

Contract assets are recognized when revenue recognized is more than billing and right to consideration is conditional upon factors other than the passage of time. Unbilled receivables are recognized where the right to consideration is unconditional and only the passage of time is required before the payment is due (i.e., only act of invoicing is pending). Contract liability is Company's obligation to transfer goods or services to customers when there is excess billing over the revenue recognized.

Sankalp Semiconductor Inc.

Notes to financial statements for the year ended 31 March 2025

(All amounts in CAD thousands, except shares, per share data and as stated otherwise)

f) Income taxes

Income tax expense 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.

g) Provisions

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

h) Contingent liabilities

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.

i) Retirement and other employee benefits

i. Short term employee benefits: All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, performance incentives etc., are recognized as an expense at the undiscounted amount in the statement of profit and loss for the period in which the employee renders the related service.

ii. Compensated absences: The employee can carry-forward a portion of the unutilised accrued compensated absences and utilise it in next three months of service periods or receive cash on termination of employment. Compensated absences are expected to occur within twelve months after the end of the period and are classified as a short term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services. The Company accrues for liability in respect of compensated absences for the entire available leave balance standing to the credit of the employees at period end. The leave balance eligible for carry-forward is valued at gross compensation cost and the leave balance subject to encashment are accrued at basic pay.

j) 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 the 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 instruments at amortized cost

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

- 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.

Sankalp Semiconductor Inc.

Notes to financial statements for the year ended 31 March 2025

(All amounts in CAD thousands, except shares, per share data and as stated otherwise)

j) Financial Instruments (continued)

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 finance 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, unbilled receivables, trade and other receivables.

Derecognition of financial assets

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

Impairment of financial assets

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

After initial recognition, interest-bearing loans and borrowings and other financial liabilities are subsequently measured at amortized cost using the Effective Interest Method (EIR) method. Gains and losses are recognized in statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

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

Derecognition

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

Offsetting of financial instruments

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

k) 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 of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

l) Recently issued accounting pronouncements

As on 31 March 2025, there are no new standards or amendments to the existing standards applicable to the Company which has been notified by Ministry of Corporate Affairs.

Sankalp Semiconductor Inc.**Notes to financial statements for the year ended 31 March 2025**

(All amounts in CAD thousands, except shares, per share data and as stated otherwise)

2. Notes to financial statements**2.1 Trade receivables - billed**

	As at	
	31 March 2025	31 March 2024
Current Billed		
Unsecured, considered good (refer note below)	-	121
Trade receivables - credit impaired	-	59
	-	180
Loss allowance for bad and doubtful debts	-	(59)
	-	121

Note: Trade receivables include receivables from related parties amounting to Nil (previous year: CAD 121 thousands) refer note 2.13.

The ageing of trade receivable as at 31 March 2024 is as follows:

Trade Receivable - Current	Not due	Outstanding as at 31 March 2024 from the due date of payment					Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed - considered good	121	-	-	-	-	-	121
Trade receivables - credit impaired	-	-	-	-	-	59	59
	121	-	-	-	-	59	180
Loss allowance for bad and doubtful debts							(59)
Total							121

2.2 Cash and cash equivalents

	As at	
	31 March 2025	31 March 2024
Balance with banks		
- in current accounts	1,366	1,377
	1,366	1,377

2.3 Other current assets

	As at	
	31 March 2025	31 March 2024
Duties and taxes recoverables	-	9
	-	9

Sankalp Semiconductor Inc.**Notes to financial statements for the year ended 31 March 2025**

(All amounts in CAD thousands, except shares, per share data and as stated otherwise)

2. Notes to financial statements**2.4 Equity share capital**

	As at	
	31 March 2025	31 March 2024
Authorised 2,000,000 (Previous year 2,000,000) equity shares of CAD 0.05 each	100	100
Issued, subscribed and fully paid up 1,600,000 (Previous year 1,600,000) equity shares of CAD 0.05 each	80	80

Term/rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of CAD 0.05/-. 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.

a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

	As at			
	31 March 2025		31 March 2024	
	No. of shares	Amount	No. of shares	Amount
Number of shares at the beginning	1,600,000	80	1,600,000	80
Number of shares at the end	1,600,000	80	1,600,000	80

b) Details of shareholders holding more than 5 % shares are as follows:

Name of the shareholders	As at			
	31 March 2025		31 March 2024	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of CAD 0.05 each, fully paid Sankalp Semiconductor Private Limited	1,600,000	100.0%	1,600,000	100.0%

HCL Technologies Limited, India became ultimate holding company of Sankalp Semiconductor Inc. with effect from October, 2019.

As per the records of the Company, including its register of shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

c) Other share considerations

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

Capital Management

The primary objective of the Company's capital management is to support business continuity and growth of the Company while maximizing the shareholder value. However, there is no requirement of capital management as management of the Company intends to liquidate the entity and basis review of business, believes that there is a significant doubt on the entity's ability to continue as going concern. The company's equity share capital and retained earnings would be distributed as dividend to shareholders at the time of liquidation.

Sankalp Semiconductor Inc.

Notes to financial statements for the year ended 31 March 2025

(All amounts in CAD thousands, except shares, per share data and as stated otherwise)

2. Notes to financial statements

2.5 Trade payables

	As at	
	31 March 2025	31 March 2024
Trade payables-related parties (refer note 2.13)	-	100
Unbilled accruals-related parties (refer note 2.13)	-	14
	-	114

The ageing of Trade payable as at 31st March 2024 is as follow:

	Not Due	Outstanding as at 31 March 2024 from the due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Others-undisputed	100	-	-	-	-	100
Unbilled and accruals	14	-	-	-	-	14
	114	-	-	-	-	114

2.6 Revenue from operations

	Year ended	
	31 March 2025	31 March 2024
Sale of services	2	358
	2	358

Disaggregate revenue information

The disaggregated revenue from contracts with the customers by geography wise is as follows:

	Year ended	
	31 March 2025	31 March 2024
Canada	2	358
	2	358

2.7 Other income

	Year ended	
	31 March 2025	31 March 2024
Interest income on bank and other deposits	44	52
Foreign exchange fluctuation (net)	4	-
Miscellaneous income- related parties (refer note below and 2.13)	-	156
Miscellaneous income	-	10
	48	218

Note: Represents income generated on certain employees transfer to fellow subsidiary.

Sankalp Semiconductor Inc.**Notes to financial statements for the year ended 31 March 2025**

(All amounts in CAD thousands, except shares, per share data and as stated otherwise)

2. Notes to financial statements**2.8 Employee benefits expenses**

	Year ended	
	31 March 2025	31 March 2024
Salaries, wages and bonus	-	297
Contribution to funds and other employee benefits	-	6
	-	303

2.9 Finance costs

	Year ended	
	31 March 2025	31 March 2024
Bank charges	8	8
Interest on direct tax	2	-
	10	8

2.10 Other expenses

	Year ended	
	31 March 2025	31 March 2024
Legal and professional charges	7	15
Travel and conveyance	-	10
Communication costs	-	1
Provision for doubtful debts/ bad debts written off (net)	4	-
Foreign exchange fluctuation (net)	-	3
Rates and taxes	6	-
Miscellaneous expense	4	-
	21	29

2.11 Tax expense

	Year ended	
	31 March 2025	31 March 2024
Income tax charged to statement of profit and loss		
Current income tax charge	5	64
	5	64

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

	Year ended	
	31 March 2025	31 March 2024
Profit before income tax	19	236
Statutory tax rate in Canada	26.50%	26.50%
Expected tax expense	5	63
Non deductible expenses	-	-
Reversal of prior year provision	-	1
Amount on which no DTA is recognized	-	-
Total taxes	5	64
Effective income tax rate	26.32%	27.12%

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

Sankalp Semiconductor Inc.**Notes to financial statements for the year ended 31 March 2025**

(All amounts in CAD thousands, except shares, per share data and as stated otherwise)

2. Notes to financial statements**2.12 Earning per share**

	Year ended	
	31 March 2025	31 March 2024
Profit for the year attributable to owners of the Company	14	172
Weighted average number of equity shares outstanding in calculating Basic EPS	1,600,000	1,600,000
Weighted average number of equity shares outstanding in calculating dilutive EPS	1,600,000	1,600,000
Nominal value of equity shares (in CAD)	0.05	0.05
Earnings per equity share (in CAD)		
- Basic	0.01	0.11
- Diluted	0.01	0.11

2.13 Related Party Transactions

Description of relationship	Names of related parties
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i. Related parties where control exists

- Ultimate Holding Company	HCL Technologies Limited
- Holding Company	Sankalp Semiconductor Private Limited

ii. Related Parties with whom transactions (including outstanding balances) have taken place during the year

- Fellow Subsidiaries	HCL Canada Inc.
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iii. Transactions with related parties during the ordinary course of business:

	Fellow Subsidiaries	
	Year ended	
	31 March 2025	31 March 2024
Revenue from operations	2	358
Miscellaneous income	-	156

iv. Outstanding Balances with related parties at year end:

	Fellow Subsidiaries	
	As at	
	31 March 2025	31 March 2024
Trade receivables	-	121
Trade payables	-	114

Sankalp Semiconductor Inc.**Notes to financial statements for the year ended 31 March 2025**

(All amounts in CAD thousands, except shares, per share data and as stated otherwise)

2. Notes to financial statements**2.14 Segment reporting**

Operating segments are defined as components of an enterprise for which discrete financial information is available and their results are reviewed regularly by the chief operating decision maker (CODM), for allocation of resources and assessing performance.

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

Revenue disaggregation as per geography is given in note 2.6.

2.15 Financial Instruments**a) Financial assets and liabilities**

The carrying value of financial instruments by categories as at 31 March 2025 is as follows:

	Amortised Cost	Total Carrying amount
Financial assets		
Cash and cash equivalents	1,366	1,366
Total	1,366	1,366

The carrying value of financial instruments by categories as at 31 March 2024 is as follows:

	Amortised Cost	Total Carrying amount
Financial assets		
Trade receivables	121	121
Cash and cash equivalents	1,377	1,377
Total	1,498	1,498
Financial liabilities		
Trade payables (including unbilled and accruals)	114	114
Total	114	114

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

Market risk

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

Financial 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.

Sankalp Semiconductor Inc.**Notes to financial statements for the year ended 31 March 2025**

(All amounts in CAD thousands, except shares, per share data and as stated otherwise)

2. Notes to financial statements**2.15 Financial Instruments (continued)**

The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than the functional currency and foreign currency forecasted revenue and cash flows. A significant portion of the Company revenue and cost is in CAD.

The impact of appreciation / depreciation of 1% in respective foreign currencies with respect to functional currency of the Company is not material for the year ended 31 March, 2025.

The rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 1% against the respective functional currencies of the Company.

Credit risk

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

The Company is not carrying out any business in current year and hence does not hold any trade receivables and contract assets.

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 as at 31st March 2024 is as below:

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2024					
Trade payables (including unbilled and accruals)	114	-	-	-	114
Total	114	-	-	-	114

Sankalp Semiconductor Inc.**Notes to financial statements for the year ended 31 March 2025**

(All amounts in CAD thousands, except shares, per share data and as stated otherwise)

2. Notes to financial statements**2.16 Ratios**

Ratio	Numerator	Denominator	Units	Year ended		% Variance
				31 March 2025	31 March 2024	
Current ratio	Current assets	Current liabilities	Times	273.2	9.4	2806%
Return on equity ratio	Profit for the year	Average total equity	%	1.0	13.6	(93%)
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	Times	0.0	2.2	(100%)
Trade payables turnover ratio	Net credit purchases (refer note 1 below)	Average trade payables	Times	0.4	0.2	61%
Net capital turnover ratio	Revenue from operations	Working capital (refer note 2 below)	Times	0.0	0.3	(100%)
Net profit ratio	Profit for the year	Revenue from operations	%	700.0	48.0	1358%
Return on capital employed	Earnings before interest and taxes	Capital employed (refer note 3 below)	%	1.4	17.5	(92%)

Notes :

- (1) Net credit purchase includes outsourcing costs and other expenses.
(2) Working capital = current assets - current liabilities.
(3) Capital employed = Tangible net worth.
(4) Average is calculated based on simple average of opening and closing balances.

Explanations where change in the ratio is more than 25%

As the management is planning to liquidate the company, operations have been ceased and assets and liabilities have been reduced to the maximum extent possible. This has resulted in significant variances in all financial ratios.

2.17 Subsequent events

The Company has evaluated all the subsequent events through 25 June 2025, which is the date on which these financial statements were issued and no events have occurred from the balance sheet date through that date except for matters that have already been considered in the financial statements.

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

ICAI Firm Registration Number : 116231W/W-100024

Signed by:



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Girish Arora

Partner

Membership Number: 098652

Gurugram, India

Date: 25 June 2025

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

Signed by:



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Goutam Rungta

Director

Noida(UP), India

Date: 25 June 2025

Signed by:



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Raghu Raman Lakshmanan

Director

Texas, USA

Date: 25 June 2025