Sankalp USA Inc

Financial Statements

Years ended 31 December 2019

Sankalp USA Inc
Balance Sheet
(All amounts are in USD)

	Note	As at 31 December 2019	As at 31 March 2019	As at 1 April 2018
I. ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	**4.1**	3,121	2,999	1,072
(b) Goodwill	**4.2**	-	506,667	506,667
(c) Other intangible assets	**4.3**	468	238	-
(d) Financial assets				
(i) Other financial assets	**4.4**	545	545	-
(e) Non current tax assets (net)		-	-	28,999
		4,134	510,449	536,738
(2) Current assets				
(a) Financial assets				
(i) Trade receivables	**4.5**	711,183	1,113,084	755,507
(ii) Cash and cash equivalents	**4.6**	832,681	338,352	650,041
(iii) Other financial assets	**4.4**	539,010	189,228	98,063
(b) Other current assets	**4.7**	11,636	8,960	-
		2,094,510	1,649,624	1,503,611
TOTAL ASSETS		**2,098,644**	**2,160,073**	**2,040,349**
II. EQUITY				
(a) Equity share capital	**4.8**	2	2	2
(b) Other equity		(80,265)	137,019	(261,551)
TOTAL EQUITY		(80,263)	137,021	(261,549)
III. LIABILITIES				
(1) Non - current liabilities				
(a) Financial liabilities				
(i) Borrowings	**4.9**	-	-	50,000
(ii) Other financial liabilities	**4.10**	-	79,973	213,492
		-	79,973	263,492
(2) Current liabilities				
(a) Financial liabilities				
(i) Trade payables	**4.11**	1,122,907	1,379,580	1,479,154
(ii) Other financial liabilities	**4.10**	873,660	552,692	517,927
(b) Other current liabilities	**4.12**	109,389	640	41,325
(c) Current tax liabilities (net)		72,951	10,167	-
		2,178,907	1,943,079	2,038,406
TOTAL EQUITY AND LIABILITIES		**2,098,644**	**2,160,073**	**2,040,349**
Summary of significant accounting policies	**2**			

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

As per our report of even date attached

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

Ankit Daga
Ankit Daga (Jul 31, 2020 21:17 GMT+5.5)

Ankit Daga
Partner
Membership Number: 512486

Bengaluru, India
31 July, 2020

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

Raghu Raman Lakshmanan
Raghu Raman Lakshmanan (Jul 31, 2020 08:16 PDT)

Raghu Raman Lakshmanan
Director

California, USA
31 July, 2020

ANUP DUTTA
Digitally signed by ANUP DUTTA
Date: 2020.07.31 20:16:24 +05'30'

Anup Kumar Tarapada Dutta
Director

Noida (UP), India
31 July, 2020

Sankalp USA Inc
Statement of Profit and Loss
(All amounts are in USD)

		Note	For the period 1 April 2019 to 31 December 2019	Year ended 31 March 2019
I.	**Revenue**			
	Revenue from operations	**4.13**	5,648,035	6,104,014
	Other income	**4.14**	19,780	6,457
	Total income		**5,667,815**	**6,110,471**
II.	**Expenses**			
	Employee benefits expense	**4.15**	690,493	1,053,584
	Finance costs	**4.16**	23,959	22,310
	Depreciation, amortization and impairment loss	**4.1, 4.2 & 4.3**	507,670	1,182
	Other expenses	**4.17**	4,545,016	4,577,660
	Total expenses		**5,767,138**	**5,654,736**
III.	**(Loss) / profit before tax**		**(99,323)**	**455,735**
IV.	**Tax expense**			
	Current tax	**4.18**	117,961	57,166
	Total tax expense		117,961	57,166
V.	**Total comprehensive (loss) / income for the period**		**(217,284)**	**398,569**
	Earnings per equity share of USD 0.01 each	**4.19**		
	Basic (in USD)		(1,420)	2,605
	Diluted (in USD)		(1,420)	2,605
	Summary of significant accounting policies	**2**		

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

As per our report of even date attached

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

Ankit Daga
Ankit Daga (Jul 31, 2020 21:17 GMT+5.5)

Ankit Daga
Partner
Membership Number: 512486

Bengaluru, India
31 July, 2020

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

Raghu Raman Lakshmanan
Raghu Raman Lakshmanan (Jul 31, 2020 08:16 PDT)

Raghu Raman Lakshmanan
Director

California, USA
31 July, 2020

ANUP DUTTA
Digitally signed by ANUP DUTTA
Date: 2020.07.31 20:16:52 +05'30'

Anup Kumar Tarapada Dutta
Director

Noida (UP), India
31 July, 2020

Sankalp USA Inc

Statement of Changes in Equity for the period ended 31 December 2019

(All amounts in USD except share data unless otherwise stated)

	Equity share capital		Other equity attributable to the Shareholders of the Company
	Shares	Share capital	Retained earnings
Balance as at 1 April, 2018 as per Previous GAAP	**153**	**2**	**(316,393)**
Effects of transition	-	-	54,843
Balance as at 1 April, 2018 as per Ind AS	**153**	**2**	**(261,550)**
Profit for the year	-	-	398,569
Total comprehensive income for the year	**153**	**2**	**137,019**
Balance as at 31 March, 2019	**153**	**2**	**137,019**
Balance as at 1 April, 2019	153	2	137,019
Loss for the period	-	-	(217,284)
Balance as at 31 December, 2019	**153**	**2**	**(80,265)**

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

As per our report of even date

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

Ankit Daga
Ankit Daga (Jul 31, 2020 21:17 GMT+5.5)

Ankit Daga
Partner
Membership Number: 512486

Bengaluru, India
31 July, 2020

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

Raghu Raman Lakshmanan
Raghu Raman Lakshmanan (Jul 31, 2020 08:16 PDT)

Raghu Raman Lakshmanan
Director

California, USA
31 July, 2020

ANUP DUTTA
Digitally signed by ANUP DUTTA
Date: 2020.07.31 20:17:06 +05'30'

Anup Kumar Tarapada Dutta
Director

Noida (UP), India
31 July, 2020

Sankalp USA Inc
Statement of Cash flows
(All amounts are in USD)

	For the period 1 April 2019 to 31 December 2019	Year ended 31 March 2019
A. Cash flows from operating activities		
(Loss) / profit before tax	(99,323)	455,735
Adjustment for:		
Bad debts written off	163,750	-
Interest cost	22,619	20,619
Depreciation, amortization and impairment loss	507,670	1,182
Interest income	(28)	-
Outstanding no longer payable written back	(14,811)	(3,141)
Operating profit before working capital changes	**579,877**	**474,395**
Movement in working capital		
(Increase) / decrease in trade receivables	238,151	(357,577)
(Increase) in other financial assets	(349,782)	(91,710)
(Increase) / decrease in other assets	(2,676)	(8,960)
(Decrease) in trade payables	(256,673)	(96,433)
Increase in other financial liabilities	350,274	66,351
Increase / (decrease) in provisions and other liabilities	108,748	(40,684)
Cash generated from operations	**667,919**	**(54,618)**
Direct taxes paid (net of refunds)	(55,177)	(18,000)
Net cash generated from / (used in) operating activities (A)	**612,742**	**(72,618)**
B. Cash flows from investing activities		
Payments for business acquisitions, net of cash acquired	(105,000)	(140,000)
Purchase of property, plant and equipment and intangibles and capital advances	(1,355)	(3,347)
Interest received on savings bank account	28	-
Net cash used in investing activities (B)	**(106,327)**	**(143,347)**
C. Cash flows from financing activities		
Repayment of borrowings	-	(50,000)
Interest expenses paid	(12,086)	(45,724)
Net cash used in financing activities (C)	**(12,086)**	**(95,724)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	494,329	(311,689)
Cash and cash equivalents at the beginning of the year	338,352	650,041
Cash and cash equivalents at the end of the period as per note 4.6	**832,681**	**338,352**
Summary of significant accounting policies (Note 2)		

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

As per our report of even date attached

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

Ankit Daga
Ankit Daga (Jul 31, 2020 21:17 GMT+5.5)

Ankit Daga
Partner
Membership Number: 512486

Bengaluru, India
31 July, 2020

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

Raghu Raman Lakshmanan
Raghu Raman Lakshmanan (Jul 31, 2020 08:16 PDT)

Raghu Raman Lakshmanan
Director

California, USA
31 July, 2020

ANUP DUTTA
Digitally signed by ANUP DUTTA
Date: 2020.07.31 20:17:19 +05'30'

Anup Kumar Tarapada Dutta
Director

Noida (UP), India
31 July, 2020

1. COMPANY OVERVIEW

1.1 Reporting entity

Sankalp USA Inc (hereinafter referred to as "the Company") incorporated on 27 March 2009 having its registered office in 2225 E Bayshore Rd. Suite 200, Palo Alto, CA 94303 is primarily engaged in providing a range of design services in semiconductor industry. Sankalp USA Inc is a wholly owned subsidiary of Sankalp Semiconductor Private Limited. Sankalp Semiconudctor Private Limited having its registered office at plot 9, survey no. 89, Arybhatta Tech Park, Navanagar, Hubli, Dharwad, Karnataka is subsidiary of HCL Technologies Limited. HCL Techonologies Limited has its registered office at 806, Siddharth, 96, Nehru Palace, New Delhi – 110019.

1.2 Basis of Preparation of financial statements

a) Statement of compliance

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

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

These special purpose financial statements have been prepared for the current period from 1 April 2019 to 31 December 2019 and for the previous year from 1 April 2018 to 31 March 2019, hence the same are not comparable.

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

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

The special purpose financial statements for the period ended 31 December 2019 were approved and authorized for issue by the Board of Directors as on 31 July 2020.

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

These special purpose financial statements have been prepared for the Company as a going concern basis of relevant Ind AS not withstanding the fact that it has incurred net loss of USD 217,284 and has negative net worth of USD 80,263 as at 31 December 2019 primarily on account of impairment of goodwill. The ultimate Holding Company undertakes to provide sufficient financial support to the Company for a foreseeable future to enable it to meet its obligation as they fall due.

b) Functional and presentation currency

These special purpose financial statements are presented in US Dollars (USD), which is also the functional currency of the Company.

c) Basis of measurement

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

d) Use of estimates and adjustments

The preparation of financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses that are reported and disclosed in the financial statements and accompanying notes. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Significant estimates and assumptions are used for, but not limited to, accounting for costs expected to be incurred to complete performance under fixed price projects, allowance for uncollectible accounts receivables, income taxes, the useful lives of property, plant and equipment, intangible assets, impairment of goodwill, and other contingencies and commitments. Changes in estimates are reflected in the financial statements in the year in which the changes are made. Actual results could differ from those estimates.

e) Fair value measurement

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

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

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

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

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

Further information about the assumptions made in measuring fair values is included in note 4.20 – financial instruments.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Financial instruments

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

Financial assets

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

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
− the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
− the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL :	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost :	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI:	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI:	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

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

iii. Derecognition

Financial assets

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

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

Financial liabilities

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

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

iv. Offsetting

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

v. Cash and cash equivalents

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

b) Revenue recognition

Revenue from business of providing design services to semiconductor industries comprises revenue from time and material and fixed-price contracts. The Company's contracts with customers include promises to transfer services to the customers. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract.

Revenue from time and material contracts is recognised as the related services are rendered. Revenue from fixed price contracts is recognised in accordance with the percentage of completion method determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. Unbilled receivables represents revenue recognized in excess of billings as at the end of reporting period. Unearned revenue represents billing in excess of revenue recognized.

Revenues are stated net of applicable duties or taxes.

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

c) Income taxes

Income tax comprises current tax.

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

Based on the projected financials of the future years, it is derived that there would be no future profits to setoff deferred tax asset. Hence, deferred tax assets are not recognized in the current period.

d) Property, plant and equipment

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

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

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

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

Asset category	Estimated useful life (Years)
Computer and computer equipment	3

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

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

e) Intangible assets

All the intangible assets of the company as included in the financial statements are computer softwares. Softwares acquired separately are measured on initial recognition at cost. Following initial recognition, softwares are carried at cost less any accumulated amortization and accumulated impairment losses.

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

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

The softwares are amortized over the estimated useful life of 3 years.

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

f) Borrowing costs

The Company has borrowed loans from its director for working capital needs.

The Company does not have any cost directly atributeable to the acquisition, construction or production of an asset, the borrowing cost on which is necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

g) Impairment of non-financial assets

Property, plant and equipment

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

Goodwill

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

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

Based on the projections, the carrying amount of the CGU including the goodwill is in excess of recoverable amount of the CGU. As such, goodwill has been impaired during the period in its entirety.

h) 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.

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

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all unbilled receivables and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information.

The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

j) Earnings per share (EPS)

Basic EPS amounts are computed by dividing the net profit / (loss) attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the year.

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

k) Cash flow statement

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

l) Contingent liabilities and contingent assets

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

The company doesn’t have any contigent assets or liabilities as on the balance sheet dates.

m) Leases

Lease payments associated with short-term leases and leases in respect of low value assets are charged off as expenses on straight-line basis over lease term or other systematic basis, as applicable.

n) Recent Indian Accounting Standards (Ind AS)

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

3. FIRST-TIME ADOPTION OF IND AS

The adoption of Ind AS was carried out in accordance with Ind AS 101, using 1 April, 2018 as the transition date. Ind AS 101 requires that all Ind AS standards that are effective for the first Ind AS Financial Statements be applied consistently and retrospectively for all periods presented. There is no resulting difference between the carrying amounts of the assets and liabilities in the financial statements under Ind AS and Previous GAAP as at the transition date.

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

I. Exemptions from retrospective application:

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

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

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

As per Ind AS 101 an entity may elect to:

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

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

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

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

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

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

II. Exceptions from full retrospective application

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

ii. **Derecognition of financial assets and liabilities exception** - Financial assets and liabilities derecognized in accordance with Previous GAAP are not re-recognized under Ind AS. The Company has chosen not to apply the Ind AS 109 derecognition criteria to an earlier date.

III. Reconciliation between previous GAAP and Ind AS

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

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

(All amounts are in USD)

Reconciliation of Company equity as at 1 April 2018

	Note	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
I. ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	**4.1**	1,072	-	1,072
(b) Goodwill	**4.2**	506,667	-	506,667
(c) Other intangible assets	**4.3**	-	-	-
(d) Financial assets				
(i) Other financial assets	**4.4**	-	-	-
(e) Non current tax assets (net)		28,999	-	28,999
		536,738	-	536,738
(2) Current assets				
(a) Financial assets				
(i) Trade receivables	**4.5**	755,507	-	755,507
(ii) Cash and cash equivalents	**4.6**	650,041	-	650,041
(iii) Other financial assets	**4.4**	98,063	-	98,063
(b) Other current assets	**4.7**	-	-	-
		1,503,611	-	1,503,611
TOTAL ASSETS		**2,040,349**	**-**	**2,040,349**
II. EQUITY				
(a) Equity share capital	**4.8**	2		2
(b) Other equity		(316,394)	54,843	(261,551)
TOTAL EQUITY		(316,392)	54,843	(261,549)
III. LIABILITIES				
(1) Non - current liabilities				
(a) Financial liabilities				
(i) Borrowings	**4.9**	50,000	-	50,000
(ii) Other financial liabilities	**4.10**	268,335	(54,843)	213,492
		318,335	(54,843)	263,492
(2) Current liabilities				
(a) Financial liabilities				
(i) Trade payables	**4.11**	1,479,154	-	1,479,154
(ii) Other financial liabilities	**4.10**	517,927	-	517,927
(b) Other current liabilities	**4.12**	41,325	-	41,325
(c) Current tax liabilities (net)		-	-	-
		2,038,406	-	2,038,406
TOTAL EQUITY AND LIABILITIES		**2,040,349**	**-**	**2,040,349**

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

(All amounts are in USD)

Reconciliation of Company equity as at 31 March 2019

	Note	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
I. ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	**4.1**	2,999	-	2,999
(b) Goodwill	**4.2**	316,667	190,000	506,667
(c) Other intangible assets	**4.3**	238	-	238
(d) Financial assets			-	
(i) Other financial assets	**4.4**	545	-	545
(e) Non current tax assets (net)		-	-	-
		320,449	190,000	510,449
(2) Current assets				
(a) Financial assets				
(i) Trade receivables	**4.5**	1,113,084	-	1,113,084
(ii) Cash and cash equivalents	**4.6**	338,352	-	338,352
(iii) Other financial assets	**4.4**	189,228	-	189,228
(b) Other current assets	**4.7**	8,960	-	8,960
		1,649,624	-	1,649,624
TOTAL ASSETS		**1,970,073**	**190,000**	**2,160,073**
II. EQUITY				
(a) Equity share capital	**4.8**	2	-	2
(b) Other equity		(101,342)	238,361	137,019
TOTAL EQUITY		(101,340)	238,361	137,021
III. LIABILITIES				
(1) Non - current liabilities				
(a) Financial liabilities				
(i) Borrowings	**4.9**	-	-	-
(ii) Other financial liabilities	**4.10**	128,334	(48,361)	79,973
		128,334	(48,361)	79,973
(2) Current liabilities				
(a) Financial liabilities				
(i) Trade payables	**4.11**	1,379,580	-	1,379,580
(ii) Other financial liabilities	**4.10**	552,692	-	552,692
(b) Other current liabilities	**4.12**	640	-	640
(c) Current tax liabilities (net)		10,167	-	10,167
		1,943,079	-	1,943,079
TOTAL EQUITY AND LIABILITIES		**1,970,073**	**190,000**	**2,160,073**

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

(All amounts are in USD)

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

		Note	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
I.	**Revenue**				
	Revenue from operations	**4.13**	6,104,014	-	6,104,014
	Other income	**4.14**	6,457	-	6,457
	Total income		**6,110,471**	**-**	**6,110,471**
II.	**Expenses**				
	Employee benefits expense	**4.15**	1,053,584	-	1,053,584
	Finance costs	**4.16**	15,828	6,482	22,310
	Depreciation and amortization expense	**4.1, 4.2 & 4.3**	191,182	(190,000)	1,182
	Other expenses	**4.17**	4,577,660	-	4,577,660
	Total expenses		**5,838,254**	**(183,518)**	**5,654,736**
III.	**Profit before tax**		**272,217**	**183,518**	**455,735**
IV.	**Tax expense**				
	Current tax	**4.18**	57,166	-	57,166
	Total tax expense		57,166	-	57,166
V.	**Total comprehensive income for the year**		**215,051**	**183,518**	**398,569**

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

4. Notes to financial statements

4.1 Property, plant and equipment

The changes in the carrying value for the period ended 31 December 2019

	Computers
Gross block as at 1 April 2019	**4,112**
Additions	1,000
Gross block as at 31 December 2019	**5,112**
Accumulated depreciation as at 1 April 2019	**1,113**
Charge for the period	878
Accumulated depreciation as at 31 December 2019	**1,991**
Net block as at 31 December 2019	**3,121**

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

	Computers
Deemed cost as at 1 April 2018	**1,072**
Additions	3,040
Gross block as at 31 March 2019	**4,112**
Accumulated depreciation as at 1 April 2018	**-**
Charge for the year	1,113
Accumulated depreciation as at 31 March 2019	**1,113**
Net block as at 31 March 2019	**2,999**
Net block as at 1 April 2018	**1,072**

4.2 Goodwill

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

	As at	
	31 December 2019	**31 March 2019**
Opening balance	506,667	506,667
Impairment during the period*	(506,667)	-
Closing balance	**-**	**506,667**

*The management expected the revenue will decline in the future years. Accordingly, determined that these constituted a trigger and required an impairment analysis was required to be performed as of the balance sheet date. Based on the impairment analysis carried out, the Company recognized USD 506,667 as an impairment loss during the period ended 31 December 2019.

4.3 Other intangible assets

The changes in the carrying value for the period ended 31 December 2019

	Software
Gross block as at 1 April 2019	**307**
Additions	355
Gross block as at 31 December 2019	**662**
Accumulated depreciation as at 1 April 2019	**69**
Charge for the period	125
Accumulated depreciation as at 31 December 2019	**194**
Net block as at 31 December 2019	**468**

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

	Software
Gross block as at 1 April 2018	**-**
Additions	307
Gross block as at 31 March 2019	**307**
Accumulated depreciation as at 1 April 2018	**-**
Charge for the year	69
Accumulated depreciation as at 31 March 2019	**69**
Net block as at 31 March 2019	**238**
Net block as at 1 April 2018	**-**

4.4 Other financial assets

	As at		
	31 December 2019	**31 March 2019**	**1 April 2018**
Non - current			
Carried at amortized cost			
Security deposit considered as prepaid expenses	545	545	-
	545	**545**	**-**
Current			
Carried at amortized cost			
Unbilled receivables	539,010	189,229	98,063
	539,010	**189,229**	**98,063**

4.5 Trade receivables

	As at		
	31 December 2019	**31 March 2019**	**1 April 2018**
Current			
Unsecured considered good	711,183	1,113,084	755,507
	711,183	**1,113,084**	**755,507**

4.6 Cash and cash equivalents

	As at		
	31 December 2019	**31 March 2019**	**1 April 2018**
(a) Cash and cash equivalents			
Balance with banks			
- in current accounts	832,681	338,352	650,041
	832,681	**338,352**	**650,041**

4.7 Other current assets

	As at		
	31 December 2019	**31 March 2019**	**1 April 2018**
Unsecured , considered good			
Prepaid expenses	11,636	8,960	-
	11,636	**8,960**	**-**

4.8 Share capital

	As at		
	31 December 2019	**31 March 2019**	**1 April 2018**
Authorized			
1,500 (31 March 2019, 1,500, 1 April 2018, 1,500) equity shares of USD 0.01 each	150	150	150
Issued, subscribed and fully paid up			
153 (31 March 2019, 153, 1 April 2018, 153) equity shares USD 0.01 each	2	2	2

Rights, preferences and restrictions attached to equity shares

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

The Company has not issued any bonus shares or shares other than cash in the immediately preceding five years.

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

	As at			
	31 December 2019		**31 March 2019**	
	No. of shares	Amount in USD	No. of shares	Amount in USD
Number of shares at the beginning	153	2	153	2
Number of shares at the end	153	2	153	2

4.8 Share capital (continued)

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

Name of the shareholder	As at					
	31 December 2019		31 March 2019		1 April 2018	
	No. of shares	% holding in the class	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of USD 0.01 each fully paid						
Sankalp Semiconductor Private Limited	153	100%	153	100%	153	100%

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

As per the records of the Company and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

4.9 Borrowings

	Non-current		
	As at		
	31 December 2019	31 March 2019	1 April 2018
Long term borrowings			
Unescured			
Loan from director (refer note 1 below)	-	199,999	249,999
Loan from others (refer note 1 below)	199,999	-	-
	199,999	**199,999**	**249,999**
Current maturities of long term borrowings (refer note 4.10)	199,999	199,999	199,999
	-	**-**	**50,000**

Note:-
1. Loan of USD 199,999 (31 March 2019 USD 199,999, 1 April 2018 USD 249,999) is a loan received by the Company from Mr. Samir Patel (who was director as at 1 April 2018 and 31 March 2019 and was not a director as at 31 December 2019) of the company during the earlier years and carry 6% rate of interest per annum and loan repayable at interval of every 6 months from the date of loan borrowed.

4.10 Other financial liabilities

	As at		
	31 December 2019	31 March 2019	1 April 2018
Non - current			
Carried at amortized cost			
Interra deferred payable	-	79,973	213,492
	-	**79,973**	**213,492**
Current			
Carried at amortized cost			
Current maturities of long term borrowings	199,999	199,999	199,999
Interra deferred payable	128,592	140,000	140,000
Provision for expenses - related parties (refer note 4.22)	459,044	133,101	73,547
Accrued salaries and benefits	84,086	68,679	67,256
Interest on loan payable	1,000	4,086	35,672
Credit card payable	939	6,827	1,453
	873,660	**552,692**	**517,927**

4.11 Trade payables

	As at		
	31 December 2019	31 March 2019	1 April 2018
Trade payables	15,017	10,875	2,475
Trade payables-related parties (refer note 4.22)	1,107,890	1,368,705	1,476,679
	1,122,907	**1,379,580**	**1,479,154**

4.12 Other current liabilities

	As at		
	31 December 2019	31 March 2019	1 April 2018
Revenue received in advance	19,863	-	41,325
Others liabilities	89,526	640	-
	109,389	**640**	**41,325**

4.13 Revenue from operations

	For the period 1 April 2019 to 31 December 2019	Year ended on 31 March 2019
Sale of services	5,648,035	6,104,014
	5,648,035	**6,104,014**

Disaggregate Revenue Information

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

	For the period 1 April 2019 to 31 December 2019	Year ended on 31 March 2019
Time and material	3,992,748	4,116,143
Fixed price	1,655,287	1,987,871
	5,648,035	**6,104,014**

Revenue disaggregation as per geography has been included in segment information (Refer note 4.21).

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

4.14 Other income

	For the period 1 April 2019 to 31 December 2019	Year ended on 31 March 2019
Interest income on other than bank deposits	28	-
Outstanding no longer payable written back	14,811	3,141
Miscellaneous income	4,941	3,316
	19,780	**6,457**

4.15 Employee benefits expense

	For the period 1 April 2019 to 31 December 2019	Year ended on 31 March 2019
Salaries, wages and bonus	638,298	964,200
Contribution to other employee funds	51,177	84,761
Staff welfare expenses	1,018	4,623
	690,493	**1,053,584**

4.16 Finance cost

	For the period 1 April 2019 to 31 December 2019	Year ended on 31 March 2019
Interest		
-on loans from banks	9,000	14,137
-on financial assets carried at amortized cost	13,619	6,482
Bank charges	1,340	1,691
	23,959	**22,310**

4.17 Other expenses

	For the period 1 April 2019 to 31 December 2019	Year ended on 31 March 2019
Subcontracting charges	4,277,593	4,401,949
Bad debts written off	163,750	-
Travel and conveyance	32,667	54,792
Commission	32,556	31,257
Legal and professional charges	17,277	27,419
Business promotion	9,626	41,650
Rent	5,280	10,428
Communication costs	5,751	4,365
Repairs and maintenance	-	536
Office expenses	120	483
Rates and taxes	396	3,671
Miscellaneous expenses	-	1,110
	4,545,016	**4,577,660**

4.18 Income taxes

	For the period 1 April 2019 to 31 December 2019	Year ended on 31 March 2019
Income tax charged to statement of profit and loss		
Current income tax charge	117,962	57,166
	117,962	**57,166**

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

	For the period 1 April 2019 to 31 December 2019	Year ended on 31 March 2019
Profit before income tax	(99,323)	455,735
Statutory tax rate in United States of America	25.53%	21%
Expected tax expense	(25,357)	95,704
Adjustments		
Expenses disallowed	146,495	-
Expenses allowed	(38,933)	(39,900)
Permanent disallowance	3,477	1,361
Others	32,279	-
Total taxes	**117,961**	**57,166**

4.19 Earnings Per Share

The computation of earnings per share is as follows:

	For the period 1 April 2019 to 31 December 2019	Year ended on 31 March 2019
Net profit as per statement of profit and loss for computation of EPS	(217,284)	398,569
Weighted average number of equity shares outstanding in calculating basic EPS	153	153
Weighted average number of equity shares outstanding in calculating dilutive EPS	153	153
Nominal value of equity shares (in USD)	0.01	0.01
Earnings per equity share (in USD)		
- Basic	(1,420)	2,605
- Diluted	(1,420)	2,605

4.20 Financial Instruments

(a) Financial assets and liabilities

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

	FVTPL	FVTOCI	Amortized cost	Total carrying value
Financial assets				
Trade receivables	-	-	711,183	711,183
Cash and cash equivalents	-	-	832,681	832,681
Others	-	-	539,555	539,555
Total	**-**	**-**	**2,083,419**	**2,083,419**
Financial liabilities				
Trade payables	-	-	1,122,907	1,122,907
Others	-	-	873,660	873,660
Total	**-**	**-**	**1,996,567**	**1,996,567**

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

	FVTPL	FVTOCI	Amortized cost	Total carrying value
Financial assets				
Trade receivables	-	-	1,113,084	1,113,084
Cash and cash equivalents	-	-	338,352	338,352
Others	-	-	189,773	189,773
Total	**-**	**-**	**1,641,209**	**1,641,209**
Financial liabilities				
Trade payables	-	-	1,379,580	1,379,580
Others	-	-	632,665	632,665
Total	**-**	**-**	**2,012,245**	**2,012,245**

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

	FVTPL	FVTOCI	Amortized cost	Total carrying value
Financial assets				
Trade receivables	-	-	755,507	755,507
Cash and cash equivalents	-	-	650,041	650,041
Others	-	-	98,063	98,063
Total	**-**	**-**	**1,503,611**	**1,503,611**
Financial liabilities				
Borrowing	-	-	50,000	50,000
Trade payables	-	-	1,479,154	1,479,154
Others	-	-	731,419	731,419
Total	**-**	**-**	**2,260,573**	**2,260,573**

(b) Financial risk management

The Company is exposed to market risk, credit risk and liquidity risk which may impact the fair value of its financial instruments.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is not exposed to fluctuation in foreign currency exchange rates.

Credit risk

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

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

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

Liquidity risk

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

4.20 Financial instruments (continued)

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

	Year 1	Year 2	Year 3	Total
As at 31 December 2019				
Trade payables	1,122,907	-	-	1,122,907
Borrowings	199,999	-	-	199,999
Other financial liabilities	673,661	-	-	673,661
Total	**1,996,567**	**-**	**-**	**1,996,567**
As at 31 March 2019				
Trade payables	1,379,580	-	-	1,379,580
Borrowings	199,999			199,999
Other financial liabilities	352,693	79,974	-	432,667
Total	**1,932,272**	**79,974**	**-**	**2,012,246**
As at 1 April 2018				
Trade payables	1,479,154	-	-	1,479,154
Borrowings	199,999	50,000	-	249,999
Other financial liabilities	317,928	133,518	79,974	531,420
Total	**1,997,081**	**183,518**	**79,974**	**2,260,573**

Other risks - Impacts of COVID-19

Financial assets of USD 832,681 forms a significant part of the financial assets as at 31 December 2019 carried at amortised cost in the form of cash and cash equivalents. Trade receivables and unbilled receivables of USD 1,250,193 and other financial assets of USD 545 are carried at amortised cost, which is valued considering provision for allowance using expected credit loss method.

4.21 Segment Reporting

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

Geographical Information

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

	As at	
	31 December 2019	**31 March 2019**
Revenue from services		
United States of America	5,350,048	5,683,685
Japan	297,987	369,222
Others	-	51,107
Total	**5,648,035**	**6,104,014**
Trade receivables		
United States of America	640,433	944,304
Japan	70,750	168,780
Total	**711,183**	**1,113,084**
Unbilled receivables		
United States of America	539,010	170,797
Japan	-	18,432
Total	**539,010**	**189,229**
Revenue received in advance		
United States of America	8,333	-
Japan	11,530	-
Total	**19,863**	**-**

Note:

1. All the Property, plant and equipments are based in United States of America.
2. Revenue from top 5 customers constitutes 55% of total revenue earned for the period ended 31 December 2019 and 61% of total revenue earned for the year ended 31 March 2019.

4.22 Related party transactions

a) Related parties where control exists

Sankalp Semicondutor Private Limited

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

Key Management Personnel

Samir Patel (upto 10 October 2019)
Sudhind Dhamankar (upto 10 October 2019)
Raghu Raman Lakshmanan (from 10 October 2019)
Anup Kumar Tarapada Dutta (from 10 October 2019)

4.22 Related party transactions (continued)

Transactions with related parties during the normal course of business	Holding company	
	For the period 1 April 2019 to 31 December 2019	Year ended on 31 March 2019
Subcontracting charges		
Sankalp semiconductor private limited	3,887,619	4,271,867

Transactions with Key Managerial Personnel during the year	Key Managerial Personnel	
	For the period 1 April 2019 to 31 December 2019	Year ended on 31 March 2019
Managerial remuneration		
Samir Patel	83,226	120,000
Sudhind Dhamankar	89,963	161,433

c) Outstanding balances

	Holding company		
	As at		
	31 December 2019	31 March 2019	1 April 2018
Trade Payables			
Sankalp Semiconductor Private Limited	1,107,890	1,368,705	1,476,679
Provision for expenses			
Sankalp Semiconductor Private Limited	459,044	133,101	73,547

	Key Managerial Personnel		
	As at		
	31 December 2019	31 March 2019	1 April 2018
Loan payable to director			
Samir Patel	-	199,999	249,999
Interest on loan payable to director			
Samir Patel	-	4,086	35,672

4.23 COVID impact

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

As per our report of even date attached

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

Ankit Daga
Ankit Daga (Jul 31, 2020 21:17 GMT+5.5)

Ankit Daga
Partner
Membership Number: 512486

Bengaluru, India
31 July, 2020

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

Raghu Raman Lakshmanan
Raghu Raman Lakshmanan (Jul 31, 2020 08:16 PDT)

Raghu Raman Lakshmanan
Director

California, USA
31 July, 2020

ANUP DUTTA
Digitally signed by ANUP DUTTA
Date: 2020.07.31 20:17:45 +05'30'

Anup Kumar Tarapada Dutta
Director

Noida (UP), India
31 July, 2020