

Evolutionary Systems (Singapore) Pte. Ltd.

Financial statements for the year ended on 31 March 2022

Company Information

Company registration Number : 201418775M
Registered office : 8 Temasek Boulevard, #42-01
Suntec Tower Three
Singapore 038988
Independent auditor : Grant Thornton Audit LLP,
8 Marina View,
Asia Square Tower 1, #40-04/05
Singapore 018960.

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EVOLUTIONARY SYSTEMS (SINGAPORE) PTE. LTD.

Co. Reg. No. 201418775M

Director's Statement for the financial year ended March 31, 2022.

The Directors are pleased to present the Director's Statement to the members together with the Audited Financial Statements of Evolutionary Systems (Singapore) Pte. Ltd. (the "Company") for the financial year ended on March 31, 2022.

1. Opinion of the directors

In the opinion of the directors,

- a) The financial statements of the Company are drawn up to give a true and fair view of the financial position of the Company as on March 31, 2022, and the financial performance, changes in Equity, and cashflow of the Company for the period then ended; and
- b) At the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The Directors of the Company in office at the date of this statement are:

Umang Nahata
Ummed Singh Nahata
Rakesh Raman
Meenachi D/O Velu Krishnasamy

3. Arrangements to enable Directors to acquire shares and debentures

Neither at the end nor at any time during the period was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

4. Director's interests in shares and debentures

According to the register of Director's shareholdings kept by the Company under Section 164 of the Singapore Companies Act, 1967 (the "Act"), the directors of the Company who held office at the end of the period had no direct or deemed interests in the shares and debentures of the Company and its related corporations.

5. Share Options:

There were no share options granted during the period to subscribe for unissued shares of the Company. There were no shares issued during the period by virtue of the exercise of options to take up unissued shares of the Company. There were no unissued shares of the Company under option at the end of the period.

6. Transfer and Transmission of Shares:

Pursuant to the Demerger of the Oracle Business of the Parent Company i.e. Evolutionary Systems Private Limited, 100% of the Ordinary Shares of the Company were transferred from Evolutionary Systems Private Limited to Mastek Enterprise Solutions Private Limited (wholly owned subsidiary of Mastek Limited). Hence, at present, the Company's Parent Company is Mastek Enterprise Solutions Private Limited.

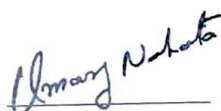
7. Auditors

Grant Thornton Audit LLP has expressed its willingness to accept re-appointment as Auditor.

8. Ultimate holding companies

The company's immediate holding company is Mastek Enterprise Solutions Private Limited, a Private Limited Company registered and domiciled in India. The ultimate holding company of the Company is Mastek Limited, a publicly listed company registered and domiciled in India.

This report was approved by the Board of Directors on 21 February 2023 signed on behalf of the Board of Directors.


Umang Nabata
Director


Rakesh Raman
Director

Independent auditor's report to the member of Evolutionary Systems (Singapore) Pte. Ltd.,

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Evolutionary Systems (Singapore) Pte. Ltd. ('the Company'), which comprise the statement of financial position of the Company as at 31 March 2022, the statement of profit and loss and the other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the Company and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, 1967 (the Act) and the Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2022, and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards 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 Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for other information. The other information comprises the directors' statement set out on pages 6 – 7, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

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

Responsibilities of the management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, the management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Independent auditor's report to the member of Evolutionary Systems (Singapore) Pte. Ltd., (cont'd)

Auditor's Responsibilities for the Audit of the Financial statements of the Company

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

We communicate with the directors 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.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



Grant Thornton Audit LLP

Public Accountants and Chartered Accountants

Singapore

Date: 21 February 2023

EVOLUTIONARY SYSTEMS (SINGAPORE) PTE LTD**Statement of profit and loss and other comprehensive income for the financial year ended March 31, 2022**

	Note No	March 31, 2022 S\$	March 31, 2021 S\$
Revenue from operations	4	6,931,642	4,117,639
Other income	5	-	12,142
Total income		6,931,642	4,129,781
Cost and expenses			
Cost of services	6	7,036,460	2,880,680
Depreciation of property, plant and equipment	11	8,913	4,208
Amortisation of right-of-use assets	17(a)	16,175	48,523
Employee benefits expense	7	869,844	701,468
Other operating expenses	8	447,637	197,830
Finance costs	9	108	2,017
Total cost and expenses		8,379,137	3,834,726
Profit/(loss) before tax		(1,447,495)	295,055
Income tax expense/(reversal)	10	(225,341)	32,734
Total comprehensive income/(loss) for the year attributable to equity holder of the Company		(1,222,154)	262,321

(The accompanying accounting policies and explanatory notes form an integral part of these financial statements)

EVOLUTIONARY SYSTEMS (SINGAPORE) PTE LTD

Balance sheet as at March 31, 2022

	Note No	As at	
		March 31, 2022	March 31, 2021
		S\$	S\$
ASSETS			
Right-of-use-assets	17(a)	-	16,175
Investment in subsidiary	12	1,874	1,874
Deferred tax assets		252,056	4,048
Total non-current assets		253,930	22,097
Current assets			
Financial assets			
Trade and other receivables	13	4,574,510	1,806,888
Cash and cash equivalents	14	137,931	690,135
Total current assets		4,712,441	2,497,023
Total assets		4,966,371	2,519,120
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital	15	100,000	100,000
Retained earnings		(44,755)	1,177,399
Total equity		55,245	1,277,399
Current liabilities			
Lease liabilities	17(c)	-	16,872
Trade and other payables	16	4,911,126	1,189,313
Income tax payable	10(a)	-	35,536
Total current liabilities		4,911,126	1,241,721
Total liabilities		4,911,126	1,241,721
Total equity and liabilities		4,966,371	2,519,120

(The accompanying accounting policies and explanatory notes form an integral part of these financial statements))

EVOLUTIONARY SYSTEMS (SINGAPORE) PTE LTD
Statement of Changes in Equity for the year ended March 31, 2022

Particulars	Share Capital	Retained earnings	Total
	S\$	S\$	S\$
Balance as at April 01, 2020	100,000	915,078	1,015,078
Profit for the year, representing total comprehensive income for the financial year	-	262,321	262,321
Balance as at March 31, 2021	100,000	1,177,399	1,277,399
Loss for the year, representing total comprehensive loss for the financial year	-	(1,222,154)	(1,222,154)
Balance as at March 31, 2022	100,000	(44,755)	55,245

EVOLUTIONARY SYSTEMS (SINGAPORE) PTE LTD
Statement of Cash Flows for the year ended March 31, 2022

	March 31, 2022	March 31, 2021
	S\$	S\$
Cash flows from operating activities		
Profit/(loss) before income tax	(1,447,495)	295,055
Adjustments for:		
Allowance for impairment	45,317	23,811
Depreciation of property, plant and equipment	8,913	4,208
Amortisation of right-of-use assets	16,175	48,523
Interest expense	108	2,017
Operating cash flow before working capital changes	(1,376,982)	373,614
Changes in working capital:		
Trade and other receivables	(2,812,939)	(282,150)
Trade and other payables	3,721,813	468,501
Cash flows from operations	(468,108)	559,965
Tax paid	(58,203)	(51,744)
Net cash generated from / (used in) operating activities	(526,311)	508,221
Cash flow from investing activities		
Purchase of property, plant and equipment	(8,913)	(4,208)
Net cash used in investing activities	(8,913)	(4,208)
Cash flows from financing activities		
Lease payments	(16,980)	(50,940)
Net cash used in financing activities	(16,980)	(50,940)
Net increase / (decrease) in cash and cash equivalents	(552,203)	453,073
Cash and cash equivalents at the beginning of the year	690,135	237,062
Cash and cash equivalents at the end of the year	137,931	690,135

(The accompanying accounting policies and explanatory notes form an integral part of these financial statements)

EVOLUTIONARY SYSTEMS (SINGAPORE) PTE. LTD.

Notes to the Financial Statements for the year ended March 31, 2022

1 CORPORATE INFORMATION

Evolutionary Systems (Singapore) Pte. Ltd. (the “Company”) is incorporated in Singapore with its registered office address at 8 Temasek Boulevard, #42-01 Suntec Tower Three, Singapore 038988.

The principal activities of the Company are those of software and hardware consultancy and investment holding. The principal activities of the subsidiary are disclosed in Note 12. There have been no significant changes in the nature of these activities during the financial period.

During the current year, shares of the Company were transferred from Evolutionary Systems Private Limited to Mastek Enterprise Solutions Private Limited (“MESPL”) (wholly owned subsidiary of Mastek Limited) and accordingly, MESPL is the immediate holding company and Mastek Limited is the ultimate holding company of the company which is an entity listed in Indian Stock exchange.

The Company has incurred loss in the current year amounting to S\$1,222,154 and has an accumulated deficit of S\$44,755 and positive net equity of \$55,245 as of 31 March 2022. During the current year, the Company’s operations have grown along with significant expansion in the user base. The Company continuously monitors its cash flows and operational plans to ensure meeting its liabilities and business requirements in time. Also, Company has obtained the letter of comfort from its Holding Company (Mastek Enterprise Solutions Private Limited) for meeting its debts as and when they fall due and payable.

Basis the aforementioned, the use of the going concern assumption is considered appropriate. Consequently, no adjustment has been made to the carrying values or classification of the accounts of statement of financial position and the financial statements have been prepared on going concern basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Company have been prepared solely for the Company’s management purpose.

The financial statements have been drawn up in accordance with Financial Reporting Standards in Singapore (FRSs). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or S\$), which is the Company’s functional currency. All financial information presented in Singapore Dollars has been rounded to the nearest one dollar.

EVOLUTIONARY SYSTEMS (SINGAPORE) PTE. LTD.

Notes to the Financial Statements for the year ended March 31, 2022

2.2 Adoption of new and amended standards and interpretations

On 1 April 2021, the Company adopted the new or amended FRS and Interpretations of FRS (“INT FRS”) that are mandatory for application for the financial year. Changes to Company’s accounting policies have been made as required, in accordance with the transitional provisions to the respective FRS and INT FRS.

The adoption of these new or amended FRS or INT FRS did not result in substantial changes to the Company’s accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Standards issued but not yet effective

The Company has not adopted the following standards applicable to the Company that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 and Practice Statement 2 Disclosure of Accounting Policies	1 January 2023
Amendments to FRS 1 Definition of Accounting Estimates	1 January 2023
Amendments to FRS 1 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to FRS 1 Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to FRS 16 Property, Plant and Equipment: Proceeds before Intended Use	1 January 2023
Amendments to FRS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2023
Amendments to FRS 10 and FRS 1 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Consolidation

These financial statements are the separate financial statements of Evolutionary Systems (Singapore) Pte Ltd. The Company is exempted from the requirements to prepare consolidated financial statements as the Company is a wholly-owned subsidiary of Mastek Enterprise Solutions Private Ltd, a company incorporated in India, which produces consolidated financial statements available for public use. The registered address of Mastek Enterprise Solutions Private Limited, where those consolidated financial statements can be obtained is at 804 / 805, President House, Opposite. C. N. Vidyalaya, near Ambawadi Circle, Ahmedabad – 380 006.

2.4 Foreign Currency

Transactions and Balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the end of the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting period are recognised in profit or loss.

2.5 Property, Plant and Equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Property, Plant and Equipment (Cont'd)

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

Computer equipment	1 year
Office equipment	1 year

The residual value, useful lives and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

Fully depreciated assets still in use are retained in the financial statements.

2.6 Subsidiary

A subsidiary is an entity over which the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's financial statements, investment in subsidiary is accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is charged or credited to profit or loss.

2.7 Financial Instruments

(a) Financial Assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the entity becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

Subsequent Measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income (FVOCI) and FVPL. The Company only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be reclassified subsequently to profit or loss. Dividends from such investments are to be recognised in profit or loss when the Company's right to receive payments is established. For investments in equity instruments which the Company has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial Instruments (Cont'd)

(b) Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

Subsequent Measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.8 Impairment of Financial Assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Impairment of Financial Assets (Cont'd)

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Company considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.9 Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required), the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.11 Share Capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.12 Contract Assets and Contract Liabilities

A contract asset is recognised when the Company recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) and are reclassified to trade receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Company recognises the related revenue. A contract liability would also be recognised if the Company has an unconditional right to receive consideration before the Company recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Revenue

FRS 115 Revenue from Contracts with Customers establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflect the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Rendering of services

Revenue represents the amounts received and receivable from software development and consultancy rendered by the Company to customers, which is recognised over time.

2.14 Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred income tax is provided using the liability method, on all temporary differences at the financial year end date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

2.14 **Taxes (Cont'd)**

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.15 **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash at banks which are subject to an insignificant risk of changes in value.

2.16 **Government Grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.17 **Employee Benefits**

Defined Contribution Plans

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension schemes are recognised. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Short-Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Borrowing Costs

All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

2.19 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-Use Assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.9.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Leases (Cont'd)

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-Term Leases and Leases of Low-Value Assets

The Company applies the short-term lease recognition exemption to its short-term leases of apartments (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements Made in Applying Accounting Policies

Determination of Functional Currency

In determining the functional currency of the Company, judgement is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

Determination of Lease Term of Contracts with Extension Options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to extend the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the extension. After the commencement date, the Company reassesses the lease term whether there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend.

3.2 Key Sources of Estimation Uncertainty

Provision for Expected Credit Losses of Trade Receivables and Contract Assets

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key Sources of Estimation Uncertainty (Cont'd)

Provision for Expected Credit Losses of Trade Receivables and Contract Assets (Cont'd)

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 13.

Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available. The Company estimates the IBR using observable inputs such as market interest rates when available and is required to make certain entity-specific estimates.

EVOLUTIONARY SYSTEMS (SINGAPORE) PTE LTD

Notes to the Financial Statements for the year ended March 31, 2022

	Year ended	
	March 31, 2022	March 31, 2021
4 Revenue from operations	S\$	S\$
Service revenue recognised over time	6,931,642	4,117,639
	6,931,642	4,117,639

Geographical Market

	Year ended	
	March 31, 2022	March 31, 2021
	S\$	S\$
Singapore	2,208,583	1,692,092
Cambodia	49,385	346,162
Japan	22,329	242,967
Malaysia	602,745	306,084
Philippines	3,260,977	1,265,822
South Africa	-	33,742
Sri Lanka	364,169	76,452
Indonesia	18,881	126,479
Bangladesh	48,162	-
Maldives	284,284	-
Vietnam	51,877	-
Others	20,250	27,839
	6,931,642	4,117,639

Contract assets and liabilities

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

	As at	
	March 31, 2022	March 31, 2021
	S\$	S\$
Receivables from contracts with customers	1,210,813	582,086
Contract assets	2,438,234	812,089
Contract liabilities	429,845	331,362
	2022	2021
Contract assets	S\$	S\$
As at 01 April	812,089	636,140
Less : billed during the year	(541,677)	(503,613)
Add : contract assets for the year	2,167,822	679,562
As at 31 March	2,438,234	812,089

EVOLUTIONARY SYSTEMS (SINGAPORE) PTE LTD

Notes to the Financial Statements for the year ended March 31, 2022

	2022	2021
	S\$	S\$
Contract liabilities		
As at 01 April	331,362	236,343
Less : revenue booked during the year	(269,353)	(193,677)
Add : contract liability for the year	367,836	288,696
As at 31 March	429,845	331,362

There are no outstanding unsatisfied performance obligation as on 31 March 2022.

Contract assets primarily relate to the Company's right to consideration for work completed but not yet billed at reporting date. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Company's obligation to transfer goods or services to customers for which the Company has received advances received from customers. Contract liabilities are recognised as revenue as the Company performs its obligations under the contract.

	Year ended	
	March 31, 2022	March 31, 2021
	S\$	S\$
5 Other income		
Temporary employment credit	-	12,142
	-	12,142

	Year ended	
	March 31, 2022	March 31, 2021
	S\$	S\$
6 Cost of services		
Purchases	86,649	82,785
Professional fees	6,949,811	2,797,895
	7,036,460	2,880,680

	Year ended	
	March 31, 2022	March 31, 2021
	S\$	S\$
7 Employee benefits expense		
Salaries, wages and bonus	859,682	676,865
Employers' contribution to provident fund	957	-
Staff allowances	2,058	7,848
Medical expenses	4,900	12,223
Staff welfare expenses	2,247	4,532
	869,844	701,468

Year ended

EVOLUTIONARY SYSTEMS (SINGAPORE) PTE LTD

Notes to the Financial Statements for the year ended March 31, 2022

8 Other operating expenses

	March 31, 2022	March 31, 2021
	S\$	S\$
Allowance for expected credit losses	45,317	23,811
Legal and professional fees	214,421	42,128
Rent	35,200	17,889
Travelling expenses	10,519	17,046
Foreign exchange loss	30,094	27,820
Insurance expense	56,475	18,423
Office expenses	11,638	19,012
Intercompany expenses	-	-
Withholding tax	-	-
Miscellaneous expenses	43,973	31,701
	447,637	197,830

9 Finance costs

	Year ended	
	March 31, 2022	March 31, 2021
	S\$	S\$
Interest expense on lease liabilities	108	2,017
	108	2,017

10 Income Taxes

	As at	
	March 31, 2022	March 31, 2021
	S\$	S\$
a) Current tax liabilities		
Tax liability at the beginning of the year	35,536	50,498
Tax expense on profit for the year	-	26,456
Tax paid during the year	(46,827)	(41,418)
Tax provision {(over) / under} for prior years	11,291	-
Tax liability at the end of the year	-	35,536

b) Components of tax expense recognised during the year:

	Year ended	
	March 31, 2022	March 31, 2021
	S\$	S\$
Current tax expense		26,456
Withholding Tax	11,376	10,326
Tax provision {(over) / under} for prior years	11,291	-
Deferred tax credit	(248,008)	(4,048)
Income tax expense recognised	(225,341)	32,734

EVOLUTIONARY SYSTEMS (SINGAPORE) PTE LTD

Notes to the Financial Statements for the year ended March 31, 2022

c) Relationship between income tax expense and accounting profit

	Year ended	
	March 31, 2022	March 31, 2021
	S\$	S\$
Profit before tax	(1,447,495)	295,055
Tax calculated using Singapore tax rate 17%	(246,074)	50,159
Adjustments		
Tax provision {(over) / under} for prior years	11,291	-
Tax effect of non-deductible items	-	(4,048)
Withholding taxes	11,376	-
Tax effect of Tax Exemption	-	(17,425)
Foreign tax credit	-	-
	(225,341)	36,782

EVOLUTIONARY SYSTEMS (SINGAPORE) PTE LTD

Notes to the Financial Statements for the year ended March 31, 2022

Note 11 : Property, Plant and Equipment

	Office equipment	Computer	Amount in S\$ Total
Gross Block			
As at April 01, 2020	750	2,440	3,190
Additions during the year	-	4,208	4,208
Disposals during the year	-	-	-
As at March 31, 2021	750	6,648	7,398
Additions during the year	-	8,913	8,913
Disposals during the year	-	-	-
As at March 31, 2022	750	15,561	16,311
Accumulated Depreciation			
As at April 01, 2020	750	2,440	3,190
Additions during the year	-	4,208	4,208
Disposals during the year	-	-	-
As at March 31, 2021	750	6,648	7,398
Additions during the year	-	8,913	8,913
Disposals during the year	-	-	-
As at March 31, 2022	750	15,561	16,311
Net Block			
As at March 31, 2021	-	-	-
As at March 31, 2022	-	-	-

12 Investment in subsidiary	As at	
	March 31, 2022	March 31, 2021
	S\$	S\$
Unquoted investments at cost		
5,000 (previous year : 5,000) shares of Evosys Consultancy Services (Malaysia) Sdn Bhd	1,874	1,874
	1,874	1,874

Details of subsidiary are as follows :

	Country of incorporation	Principal Activities
Evosys Consultancy Services (Malaysia) Sdn Bhd	Malaysia	Software consultancy

The Company's ownership interest in Evosys Malaysia as at March 31, 2022 was 100% (March 31, 2021 : 100%).

EVOLUTIONARY SYSTEMS (SINGAPORE) PTE LTD

Notes to the Financial Statements for the year ended March 31, 2022

13 Accounts receivable, net	As at	
	March 31, 2022	March 31, 2021
	S\$	S\$
Accounts receivable	1,335,845	661,802
Contract assets (refer note 4)	2,438,234	812,089
	3,774,079	1,473,891
Less : Allowance for expected credit losses	(125,032)	(79,715)
	3,649,047	1,394,176
Other receivables		
Amount due from Subsidiary Company	900,445	367,966
Amount due from affiliates	8,357	-
Deposits	8,277	8,277
Prepayments	8,384	36,469
	925,463	412,712
Total trade and other receivables	4,574,510	1,806,888
Add : Cash and cash equivalents (refer note 14)	137,931	690,135
Less : Prepayments	(8,384)	(36,469)
Total financial assets at amortised cost	4,704,057	2,460,554

Notes

(a) Amount due from third parties are non-interest bearing and are generally on 60 to 120 days' term.

They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Amount due from related company/ parties/ shareholders are non-trade related, unsecured, non-interest bearing, and are to be settled in cash.

Allowance for expected credit losses/ doubtful debts

The movement in allowance for expected credit losses/ doubtful debts of trade receivables and other receivables computed based on lifetime ECL is as follows:

	Year ended	
	March 31, 2022	March 31, 2021
	S\$	S\$
The movement of allowance for doubtful debts is as under:		
Opening balance	79,715	55,904
Add : Allowance for doubtful debts	45,317	23,811
Less : bad debts written off during the year	-	-
Closing balance	125,032	79,715

EVOLUTIONARY SYSTEMS (SINGAPORE) PTE LTD

Notes to the Financial Statements for the year ended March 31, 2022

The details of the receivables ageing as at March 31, 2022 and March 31, 2021 is as follows:

	As at	
	March 31, 2022	March 31, 2021
	S\$	S\$
Not past due	470,108	282,963
Pass due less than 30 days	305,620	6,637
Pass due less than 31-60 days	304,833	215,586
Pass due less than 61-90 days	4,605	37,716
Pass due less than 91-180 days	125,647	39,185
Pass due more than 180 days	125,032	79,715
	1,335,845	661,802

	As at	
	March 31, 2022	March 31, 2021
	S\$	S\$
14 Cash and cash equivalents		
Cash at Bank	137,931	690,135
	137,931	690,135

	As at	
	March 31, 2022	
	Number of shares	S\$
Ordinary shares. issued and fully paid up		
As at April 01, 2020	100,000	100,000
Issued during the year	-	-
As at March 31, 2021	100,000	100,000
Issued during the year	-	-
As at March 31, 2022	100,000	100,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company.

All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

EVOLUTIONARY SYSTEMS (SINGAPORE) PTE LTD

Notes to the Financial Statements for the year ended March 31, 2022

16 Trade payables	As at	
	March 31, 2022	March 31, 2021
	S\$	S\$
Trade payables		
- Third parties	46,917	45,651
- Ultimate Holding Company	75,617	19,474
- Holding Company	3,508,037	557,426
- Related parties	412,071	-
	4,042,642	622,551
Other payables		
Goods and service tax payable	61,331	10,556
Accruals	377,308	224,844
Contract liabilities (refer note 4)	429,845	331,362
	868,484	566,762
Total trade and other payables	4,911,126	1,189,313
Less : Contract liabilities (refer note 4)	(429,845)	(331,362)
Total financial liabilities at amortised cost	4,481,281	857,951

Notes

(a) Trade payables are non interest bearing and have an average credit term of 30 to 120 days.

(b) The amount due to a related party is non-trade in nature, non-interest bearing and repayable on demand.

(c) The amount due to holding company is trade in nature, non-interest bearing and repayable on demand. These amounts are unsecured and are to be settled in cash.

EVOLUTIONARY SYSTEMS (SINGAPORE) PTE LTD

Notes to the Financial Statements for the year ended March 31, 2022

17. Leases

The Company has lease contracts for office premises used in its operations. Leases of right of use of premises generally have lease terms for 2 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

a) Carrying value of right of use assets at the end of the reporting period by class

	2022	2021
	S\$	S\$
Building		
Balance a at April 01	16,175	64,698
Addition during the year	-	-
Deletion during the year	-	-
Depreciation during the year	16,175	48,523
Balance a at March 31	-	16,175

b) Movement of lease liabilities

	2022	2021
	S\$	S\$
Opening lease liability as at April 01	16,872	65,795
Addition during the year	-	-
Accretion during the year	108	2,017
Payment of lease liabilities	16,980	50,940
Closing lease liability as at March 31	-	16,872

c) Maturity analysis of lease liabilities

	As at	
	March 31, 2022	March 31, 2021
	S\$	S\$
Maturity analysis – contractual undiscounted cash flows		
Less than one year	-	16,980
Total undiscounted lease liabilities	-	16,980
Lease liabilities included in Balance Sheet	-	16,872
Non-Current	-	-
Current	-	16,872

d) Amounts recognised in the Statement of Profit and Loss

	Year ended	
	March 31, 2022	March 31, 2021
	S\$	S\$
Particulars		
Interest on lease liabilities	108	2,017
Depreciation expense of right of use assets	16,175	48,523
Total expense	16,283	50,540

EVOLUTIONARY SYSTEMS (SINGAPORE) PTE LTD

Notes to the Financial Statements for the year ended March 31, 2022

18 Significant Related Party Transactions

Related party represents the shareholder, directors and Key management personnel of the Company and the entities controlled, jointly controlled or significantly influenced by such parties.

The name of the related party, their relationship, transactions and outstanding balances where control exists and with whom transactions have taken place during the reported period are as follows:

Name of parties	Relationship
Mastek Enterprise Solutions Private Ltd	Holding Company
Evosys Consultancy Services (Malaysia) Sdn Bhd.	Subsidiary Company
Taistech Inc	Related Party
Mastek Limited	Ultimate Holding Company
Evosys Consultancy LLC	Related Party

Details of transactions during the year are as follows:

Name of the Party	Year ended	
	March 31, 2022	March 31, 2021
	S\$	S\$
Transactions during the year		
<i>Professional services rendered</i>		
Evosys Consultancy Services (Malaysia) Sdn Bhd.	600,000	298,984
<i>Reimbursement of expenses</i>		
Evosys Consultancy Services (Malaysia) Sdn Bhd.	41,284	56,112
<i>Professional services received</i>		
Mastek Enterprise Solutions Private Ltd	6,061,270	2,441,131
Evosys Consultancy LLC	231,232	-
Taistech Inc	174,764	-
Mastek Limited	76,535	19,474

Balances as the year end

	Nature of transactions	As at	
		March 31, 2022	March 31, 2021
		S\$	S\$
Evosys Consultancy Services (Malaysia) Sdn Bhd.	Receivables	900,445	367,966
Mastek Enterprise Solutions Pvt Ltd	Payables	3,508,037	557,426
Taistech Inc	Payables	180,839	-
Taistech Inc	Receivables	6,075	-
Evosys Consultancy LLC	Payables	231,232	-
Mastek Limited	Receivables	2,282	-
Mastek Limited	Payables	75,617	19,474

EVOLUTIONARY SYSTEMS (SINGAPORE) PTE LTD

Notes to the Financial Statements for the year ended March 31, 2022

19 Financial Risk Management

The Company is exposed to financial risks arising from its operation. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The directors review and agree policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial assets should a counterparty default on its obligations. The Company's exposure to credit risks arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Company minimises credit risks by dealing exclusively with counterparties with high credit rating.

The Company's objective is to seek continual revenue growth while minimizing losses incurred due to increased credit risk exposure. The Company trades only with recognized and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms undergo credit verification procedures. In addition, receivable balances are monitored on an on-going basis to minimize the Company's exposure to bad debts.

Trade receivables : As at March 31, 2022, the Company had a significant concentration of credit risk with three major customers accounting for 66.6% (March 31, 2021 : 51.5%) of net trade receivables at that date. Management believes that this concentration of credit risk is mitigated because the outstanding balances at the year-end are with customers who have long-term relationship with the Company.

Other receivables : As at March 31, 2022, the Company had a significant concentration of credit risk with one major receivable for 97.30% (March 31, 2021 : 89.15%) of net other receivables at that date. Management believes that this concentration of credit risk is mitigated because the outstanding balances as at March 31, 2022 and March 31, 2021 are with subsidiary.

The maximum exposure to credit risk for the Company is as follows:

March 31, 2022	Gross carrying amount	Net carrying amount	Loss allowance
	S\$	S\$	S\$
Trade receivables and contract assets	3,774,079	3,649,047	125,032
Other receivables	925,463	925,463	-

EVOLUTIONARY SYSTEMS (SINGAPORE) PTE LTD

Notes to the Financial Statements for the year ended March 31, 2022

March 31, 2021	Gross carrying amount	Net carrying amount	Loss allowance
	S\$	S\$	S\$
Trade receivables and contract assets	1,473,891	1,394,176	79,715
Other receivables	412,712	412,712	-

Liquidity Risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's objective is to maintain a balance between continuity of funding and flexibility through cash and cash equivalents. The Company finances its working capital requirements through funds generated from operations. The directors are satisfied that funds are available to finance the operations of the Company.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in interest rates. The Company's exposure to interest rate risk arises primarily from bank borrowings. In the absence of any bank borrowings, the interest rate risk is minimum.

Foreign currency risk

The Company's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Company does not have any formal policy for hedging against currency risk. The Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

The effect of the changes in foreign currency is not expected to have a material impact on the Company's net result.

Classification of Financial Instruments

	As at	
	March 31, 2022	March 31, 2021
Financial assets	S\$	S\$
Trade receivables and contract assets (Note 13)	3,649,047	1,394,176
Cash and cash equivalents ((Note 14)	137,931	690,135
Other receivables (Note 13)	917,079	376,243
Total financial assets measured at amortised cost	4,704,057	2,460,554
Financial liabilities		
Lease liabilities (Note 17)	-	16,872
Trade and other payables (Note 16)	4,481,281	8,57,951
Total financial liabilities measured at amortised cost	4,481,281	8,74,823

EVOLUTIONARY SYSTEMS (SINGAPORE) PTE LTD

Notes to the Financial Statements for the year ended March 31, 2022

20 Fair value of assets and liabilities

Fair value hierarchy

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are 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.

21 Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Company comprises issued share capital and retained earnings.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial year ended March 31, 2022 and March 31, 2021.

22 Subsequent events

There were no material adjusting or non-adjusting events that occurred from the date of the financial statements upto the date of authorization of these financial statements.

23 Authorization of financial statements

These financial statements for the financial year ended March 31, 2022 were authorized for issue in accordance with a resolution of the directors on 21 February 2023.