

Evolutionary Systems (Singapore) Pte Ltd

Financial Statements

For the year ended 31 March 2022

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	69,31,642	41,17,639
Other income	5	-	12,142
Total income		69,31,642	41,29,781
Cost and expenses			
Cost of services	6	6,10,328	28,80,680
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	10,07,080	7,01,468
Other operating expenses	8	68,28,050	1,97,830
Finance costs	9	108	2,017
Total cost and expenses		84,70,654	38,34,726
Profit/(loss) before tax		(15,39,012)	2,95,055
Income tax expense/(reversal)	10	(2,50,341)	32,734
Total comprehensive income/(loss) for the year Attributable to equity holder of the Company		(12,88,671)	2,62,321

(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			
Non-current assets			
Right-of-use-assets	17(a)	-	16,175
Investment in subsidiary	12	1,874	1,874
Deferred tax assets		2,65,680	4,048
		2,67,554	22,097
Current assets			
Financial assets			
Trade and other receivables	13	45,74,510	18,06,888
Cash and cash equivalents	14	1,37,931	6,90,135
Total current assets		47,12,441	24,97,023
Total Assets		49,79,995	25,19,120
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital	15	1,00,000	1,00,000
Retained earnings		(1,11,272)	11,77,399
Total equity		(11,272)	12,77,399
Current liabilities			
Lease liabilities	17(c)	-	16,872
Trade and other payables	16	49,91,267	11,89,313
Income tax payable	10(a)	-	35,536
Total current liabilities		49,91,267	12,41,721
Total liabilities		49,91,267	12,41,721
Total equity and liabilities		49,79,995	25,19,120

(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	1,00,000	9,15,078	10,15,078
Profit for the year, representing total comprehensive income for the financial year	-	2,62,321	2,62,321
Balance as at March 31, 2021	1,00,000	11,77,399	12,77,399
Loss for the year, representing total comprehensive loss for the financial year	-	(12,88,671)	(12,88,671)
Balance as at March 31, 2022	1,00,000	(1,11,272)	(11,272)

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	(15,39,012)	2,95,055
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	(14,68,499)	3,73,614
Changes in working capital:		
Trade and other receivables	(28,12,939)	(2,82,150)
Trade and other payables	38,01,954	4,68,501
Cash flows from operations	(4,79,484)	5,59,965
Tax paid	(46,827)	(51,744)
Net cash generated from / (used in) operating activities	(5,26,311)	5,08,221
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	(5,52,203)	4,53,073
Cash and cash equivalents at the beginning of the year	6,90,135	2,37,062
Cash and cash equivalents at the end of the year	1,37,931	6,90,135

(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.

The immediate and ultimate holding company is Evolutionary Systems Private Limited, which is incorporated in India.

These financial statements of the Company for the period ended March 31, 2022 were authorized for issue as at the date of the Directors’ Statement.

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.

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.

EVOLUTIONARY SYSTEMS (SINGAPORE) PTE. LTD.

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

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 16 <i>Property, Plant and Equipment</i> : Proceeds before Intended Use	1 January 2022
Amendments to FRS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> : Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 1 <i>Presentation of Financial Statements</i> : Classification of Liabilities as Current or Non-current	1 January 2023

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 Evolutionary Systems Private Limited, a company incorporated in India, which produces consolidated financial statements available for public use. The registered address of Evolutionary Systems Private Limited, where those consolidated financial statements can be obtained is at 11th Floor, Kataria Arcade, Adani Vidya Mandir School S.G. Highway, Ahmedabad 380054.

2.4 Foreign Currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional 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)

2.19 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

4 Revenue from operations	Year ended	
	March 31, 2022	March 31, 2021
	S\$	S\$
Service revenue recognised over time	69,31,642	41,17,639
	<u>69,31,642</u>	<u>41,17,639</u>

Geographical Market

	Year ended	
	March 31, 2022	March 31, 2021
	S\$	S\$
Singapore	22,08,583	16,92,092
Cambodia	49,385	3,46,162
Japan	22,329	2,42,967
Malaysia	6,02,745	3,06,084
Philippines	32,60,977	12,65,822
South Africa	-	33,742
Sri Lanka	3,64,169	76,452
Indonesia	18,881	1,26,479
Bangladesh	48,162	-
Maldives	2,84,284	-
Vietnam	51,877	-
Others	20,250	27,839
	<u>69,31,642</u>	<u>41,17,639</u>

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	12,10,813	5,82,086
Contract assets	24,38,234	8,12,089
Contract liabilities	4,29,845	3,31,362

Contract assets	2022	2021
	S\$	S\$
	As at 01 April	8,12,089
Less : billed during the year	5,41,677	5,03,613
Add : contract assets for the year	21,67,822	6,79,562
As at 31 March	<u>24,38,234</u>	<u>8,12,089</u>

Contract liabilities	2022	2021
	S\$	S\$
	As at 01 April	3,31,362
Less : revenue booked during the year	2,69,353	1,93,677
Add : contract liability for the year	3,67,836	2,88,696
As at 31 March	<u>4,29,845</u>	<u>3,31,362</u>

Evolutionary Systems (Singapore) Pte Ltd
Notes to the financial statements for the year ended March 31, 2022

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.

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

6 Cost of services	Year ended	
	March 31, 2022	March 31, 2021
	S\$	S\$
Purchases	86,648	82,785
Professional fees	5,23,680	27,97,895
	<u>6,10,328</u>	<u>28,80,680</u>

7 Employee benefits expense	Year ended	
	March 31, 2022	March 31, 2021
	S\$	S\$
Salaries, wages and bonus	9,96,918	6,76,865
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
	<u>10,07,080</u>	<u>7,01,468</u>

8 Other operating expenses	Year ended	
	March 31, 2022	March 31, 2021
	S\$	S\$
Allowance for expected credit losses	45,317	23,811
Legal and professional fees	2,14,421	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	63,69,037	-
Withholding tax	11,376	-
Miscellaneous expenses	43,973	31,701
	<u>68,28,050</u>	<u>1,97,830</u>

9 Finance costs	Year ended	
	March 31, 2022	March 31, 2021
	S\$	S\$
Interest expense on lease liabilities	108	2,017
	<u>108</u>	<u>2,017</u>

Evolutionary Systems (Singapore) Pte Ltd

Notes to the financial statements for the year ended March 31, 2022

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	-	10,326
Tax provision {(over) / under} for prior years	11,291	-
Deferred tax credit	(2,61,632)	(4,048)
Income tax expense recognised	(2,50,341)	32,734

b) Relationship between income tax expense and accounting profit

	Year ended	
	March 31, 2022	March 31, 2021
	S\$	S\$
Profit before tax	(15,39,012)	2,95,055
Tax calculated using Singapore tax rate 17%	(2,61,632)	50,159
Adjustments		
Tax provision {(over) / under} for prior years	11,291	-
Tax effect of non-deductible items	-	4,048
Tax effect of Tax Exemption	-	(17,425)
Foreign tax credit	-	-
	(2,50,341)	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	-	-	-

Evolutionary Systems (Singapore) Pte Ltd
Notes to the financial statements for the year ended March 31, 2022

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

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%).

13 Accounts receivable, net	As at	
	March 31, 2022	March 31, 2021
	S\$	S\$
Accounts receivable	13,35,845	6,61,802
Contract assets (refer note 4)	24,38,234	8,12,089
	<u>37,74,079</u>	<u>14,73,891</u>
Less : Allowance for expected credit losses	(1,25,032)	(79,715)
	<u>36,49,047</u>	<u>13,94,176</u>
Other receivables		
Amount due from Subsidiary Company	9,00,445	3,67,966
Amount due from affiliates	8,357	-
Deposits	8,277	8,277
Prepayments	8,384	36,469
	<u>9,25,463</u>	<u>4,12,712</u>
Total trade and other receivables	45,74,510	18,06,888
Add : Cash and cash equivalents (refer note 14)	1,37,931	6,90,135
Less : Prepayments	8,384	36,469
Total financial assets at amortised cost	47,04,057	24,60,554

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	<u>1,25,032</u>	<u>79,715</u>

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	4,70,108	2,82,963
Pass due less than 30 days	3,05,620	6,637
Pass due less than 31-60 days	3,04,833	2,15,586
Pass due less than 61-90 days	4,605	37,716
Pass due less than 91-180 days	1,25,647	39,185
Pass due more than 180 days	1,25,032	79,715
	<u>13,35,845</u>	<u>6,61,802</u>

14 Cash and cash equivalents

	As at	
	March 31, 2022	March 31, 2021
	S\$	S\$
Cash at Bank	1,37,931	6,90,135
	<u>1,37,931</u>	<u>6,90,135</u>

Evolutionary Systems (Singapore) Pte Ltd
Notes to the financial statements for the year ended March 31, 2022

15 Share Capital

	As at March 31, 2022	
	Number of shares	S\$
Ordinary shares, issued and fully paid up		
As at April 01, 2020	1,00,000	1,00,000
Issued during the year	-	-
As at March 31, 2021	1,00,000	1,00,000
Issued during the year	-	-
As at March 31, 2022	1,00,000	1,00,000

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.

	As at	
	March 31, 2022	March 31, 2021
	S\$	S\$
16 Trade payables		
Trade payables		
- Third parties	46,917	45,651
- Ultimate Holding Company	75,617	19,474
- Holding Company	35,08,037	5,57,426
- Related parties	4,12,071	-
	40,42,642	6,22,551
Other payables		
Goods and service tax payable	61,331	10,556
Accruals	4,57,449	2,24,844
Contract liabilities (refer note 4)	4,29,845	3,31,362
	9,48,625	5,66,762
Total trade and other payables	49,91,267	11,89,313
Less Contract liabilities (refer note 4)	4,29,845	3,31,362
Total financial liabilities at amortised ccost	45,61,422	8,57,951

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

Building	2022	2021
	S\$	S\$
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

Maturity analysis – contractual undiscounted cash flows	As at	
	March 31, 2022	March 31, 2021
	S\$	S\$
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

Particulars	Year ended	
	March 31, 2022	March 31, 2021
	S\$	S\$
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
Evolutionary Systems Pvt 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.	6,00,000	2,98,984	
Taistech Inc	6,075	-	
<i>Reimbursement of expenses</i>			
Evosys Consultancy Services (Malaysia) Sdn Bhd.	41,284	56,112	
<i>Professional services received</i>			
Evolutionary Systems Pvt Ltd	60,61,270	24,41,131	
Evosys Consultancy LLC	2,31,232	-	
Taistech Inc	1,80,839	-	
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	9,00,445	3,67,966
Evolutionary Systems Pvt Ltd	Payables	35,08,037	5,57,426
Taistech Inc	Payables	1,80,839	-
Taistech Inc	Receivables	6,075	-
Evosys Consultancy LLC	Payables	2,31,232	-
Mastek Limited	Receivables	2,282	-
Mastek Limited	Payables	75,617	19,474

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.

Evolutionary Systems (Singapore) Pte Ltd
Notes to the financial statements for the year ended March 31, 2022

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	37,74,079	36,49,047	1,25,032
Other receivables	9,25,463	9,25,463	-

March 31, 2021	Gross carrying amount	Net carrying amount	Loss allowance
	S\$	S\$	S\$
Trade receivables and contract assets	14,73,891	13,94,176	79,715
Other receivables	4,12,712	4,12,712	-

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.

Evolutionary Systems (Singapore) Pte Ltd
Notes to the financial statements for the year ended March 31, 2022
Classification of Financial Instruments

	As at	
	March 31, 2022	March 31, 2021
Financial assets	S\$	S\$
Trade receivables and contract assets (Note 13)	36,49,047	13,94,176
Cash and cash equivalents ((Note 14)	1,37,931	6,90,135
Other receivables (Note 13)	9,17,079	3,76,243
Total financial assets measured at amortised cost	47,04,057	24,60,554
Financial liabilities		
Lease liabilities (Note 17)	-	16,872
Trade and other payables (Note 16)	45,61,422	8,57,951
Total financial liabilities measured at amortised cost	45,61,422	8,74,823

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 _____