

**INDEPENDENT AUDITOR'S REPORT****To the Board of Directors of Evolutionary Systems Corp.****Report on the Audit of the Consolidated Financial Statements****Opinion**

We have audited the accompanying consolidated financial statements of Evolutionary Systems Corp. ('the Holding Company') and its subsidiaries referred in annexure 1 (the Holding Company and its subsidiaries together referred as 'the Group'), which comprise the Consolidated Statement of Financial Position as at March 31, 2023, and the Consolidated Statement of Profit and Loss and Other Comprehensive Loss, Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at March 31, 2023, and of its financial performance and cash flows for the year then ended in accordance with the financial reporting provisions of International Financial Reporting Standards (IFRSs).

**Basis for Opinion**

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code') together with the ethical requirements that are relevant to our audit of the consolidated financial statements in India, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Those charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements that give a true and fair view in accordance with the IFRSs and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations or has no realistic alternative but to do so.

Those Charged with governance are responsible for overseeing the Group's financial reporting process.





### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) 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 consolidated financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the consolidated financial statements.

**For BDO India LLP**

BDO India LLP

Place: Mumbai

Date: February 01, 2024

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF EVOLUTIONARY SYSTEMS CORP

### Auditor's Responsibilities for the Audit of the consolidated financial statements

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. We are not responsible for expressing our opinion on whether the Group has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 ability of the company and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.





We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**For BDO India LLP**

BDO India LLP

Place: Mumbai

Date: February 01, 2024



## Annexure 1

### List of Subsidiaries

1. Newbury Taleo Group, Inc.
2. Evolutionary Systems Canada Limited (Incorporated in May 2021)

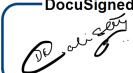


**EVOLUTIONARY SYSTEMS CORP.****Consolidated Statement of financial position as at March 31, 2023**

(in USD)

	Note	As at	
		March 31, 2023	March 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	3(a)	30,521	28,040
Right-of-use assets	3(b)	-	-
Deferred tax assets, net	20(c)	11,92,339	3,67,199
Income tax (Current-tax) assets		7,07,711	1,12,847
Other non-current assets	4	4,563	6,363
<b>Total non-current assets</b>		<b>19,35,134</b>	<b>5,14,449</b>
<b>Current assets</b>			
Trade receivables	5	50,69,278	47,22,714
Cash and cash equivalents	6	14,68,997	26,11,152
Other current assets	7	55,31,240	43,21,915
<b>Total current assets</b>		<b>1,20,69,515</b>	<b>1,16,55,781</b>
<b>Total assets</b>		<b>1,40,04,649</b>	<b>1,21,70,230</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	8	-	-
Other equity	9	20,88,067	43,46,372
<b>Total equity</b>		<b>20,88,067</b>	<b>43,46,372</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	10	40,77,916	-
Trade payables	11	56,56,848	54,51,650
Other current liabilities	12	21,81,818	23,72,208
<b>Total current liabilities</b>		<b>1,19,16,582</b>	<b>78,23,858</b>
<b>Total equity and liabilities</b>		<b>1,40,04,649</b>	<b>1,21,70,230</b>

The accompanying notes form an integral part of the consolidated financial statements.

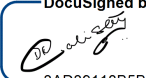
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## EVOLUTIONARY SYSTEMS CORP.

## Consolidated Statement of profit and loss and other Comprehensive income for the year ended March 31, 2023

		(in USD)	
	Note	For the year ended	
		March 31, 2023	March 31, 2022
Revenue	13	2,43,18,774	2,53,05,745
Employee benefits expenses	15	(86,51,794)	(76,26,625)
Depreciation expenses	16	(19,239)	(34,356)
Other expenses	17	(1,89,43,087)	(1,56,79,770)
<b>Operating (Loss)/Profit</b>		<b>(32,95,346)</b>	<b>19,64,994</b>
Other income	14	4,901	14,134
Finance costs	18	(75,305)	(3,177)
<b>(Loss)/Profit before tax</b>		<b>(33,65,750)</b>	<b>19,75,951</b>
<b>Tax (expense) / credit</b>			
Current tax	20	(13,087)	(8,34,549)
Deferred tax	20	8,25,140	2,44,445
Tax related to earlier years		3,24,025	(47,479)
<b>Total tax expense</b>		<b>11,36,078</b>	<b>(6,37,583)</b>
<b>(Loss) / Profit for the year</b>		<b>(22,29,672)</b>	<b>13,38,368</b>
<b>Other comprehensive income (OCI) for the year</b>			
<b>Items that may be reclassified subsequently to the statement of profit or loss</b>			
Loss on foreign currency translation		(28,633)	(1,240)
<b>Total other comprehensive income</b>		<b>(28,633)</b>	<b>(1,240)</b>
<b>Total comprehensive income for the year</b>		<b>(22,58,305)</b>	<b>13,37,128</b>
<b>Earnings per equity share (in USD)</b>			
Basic and Diluted (at no par value)	19	(8.11)	4.87

The accompanying notes form an integral part of the consolidated financial statements.

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**EVOLUTIONARY SYSTEMS CORP.****Consolidated Statement of Cash flows for the year ended March 31, 2023**

(in USD)

	For the year ended	
	March 31, 2023	March 31, 2022
<b>Cash flows from operating activities</b>		
Profit before tax	(33,65,750)	19,75,951
Adjustment :		
Depreciation and amortisation	19,239	34,356
Finance cost	75,305	491
Provison for doubtful receivables	18,69,244	2,14,957
<b>Changes in operating assets and liabilities</b>	<b>(14,01,962)</b>	<b>22,25,755</b>
Increase in accounts receivable	(22,15,808)	(30,44,399)
Increase in other current assets and other assets	(12,07,527)	(22,93,969)
Increase in accounts payable	2,05,199	45,02,782
(Decrease)/Increase in other current liabilities	(1,88,263)	2,10,076
<b>Cash (utilised)/generated from operating activities before taxes</b>	<b>(48,08,361)</b>	<b>16,00,245</b>
Income taxes paid, net	(2,86,052)	(11,65,702)
<b>Net cash (utilised)/generated from operating activities</b>	<b>(50,94,413)</b>	<b>4,34,543</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(21,720)	(18,450)
<b>Net cash used in investing activities</b>	<b>(21,720)</b>	<b>(18,450)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	40,77,916	-
Interest paid on loan	(75,305)	-
Payment of lease liabilities	-	(22,020)
<b>Net cash generated/(utilised) in financing activities</b>	<b>40,02,611</b>	<b>(22,020)</b>
Net increase in cash and cash equivalents	(11,13,522)	4,04,098
Cash and cash equivalents at the beginning of the year	26,11,152	22,07,054
Effect of exchange rate changes on cash	(28,633)	-
<b>Cash and cash equivalents at the end of the year</b>	<b>14,68,997</b>	<b>26,11,152</b>

The above Consolidated Statement of Cash Flow has been prepared under the 'Indirect Method' as set out in the IAS - 7 on Statement of Cash Flows.

The accompanying notes form an integral part of the consolidated financial statements.

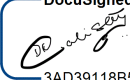
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**EVOLUTIONARY SYSTEMS CORP.****Consolidated Statement of changes in equity for the year ended March 31, 2023**

(in USD)

Particulars	Share capital	Share premium	Other equity		Total other equity
			Retained earnings	Foreign currency translation reserve	
<b>Balance as at April 01, 2022</b>	-	2,750	43,44,862	(1,240)	43,46,372
Profit for the year	-	-	(22,29,672)	-	(22,29,672)
Change during the year	-	-	-	(28,633)	(28,633)
<b>Balance as at March 31, 2023</b>	-	<b>2,750</b>	<b>21,15,190</b>	<b>(29,873)</b>	<b>20,88,067</b>
<b>Balance as at April 01, 2021</b>	-	2,750	30,06,494	-	30,09,244
Profit for the year	-	-	13,38,368	-	13,38,368
Change during the year	-	-	-	(1,240)	(1,240)
<b>Balance as at March 31, 2022</b>	-	<b>2,750</b>	<b>43,44,862</b>	<b>(1,240)</b>	<b>43,46,372</b>

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**EVOLUTIONARY SYSTEMS CORP.****Notes to the Consolidated Financial Statements for year ended March 31, 2023****1 Company Overview**

Evolutionary Systems, Corp. ("the Company") was incorporated on May 01, 2014 in the Commonwealth of Massachusetts. The Company is a Global Oracle Platinum Partner providing enterprise solutions to various industries.

In May 2018, the Company entered into a share purchase agreement for acquisition of 100% of outstanding shares of Newbury Taleo Group, Inc. ("Newbury"), a Delaware Corporation, for an aggregate purchase consideration of USD 2.22 Million with an effective acquisition date of April 1, 2018. Newbury is in the business of providing professional services and staffing for information technology solutions. They have a special focus on implementing Oracle Cloud Application in North America.

In May 2021, a subsidiary company Evolutionary Systems Canada Limited was incorporated in Ontario. The subsidiary is provider of vertically-focused enterprise technology solutions in Canadian market.

**The details of Holding Company is as follows:**

Name of the Company	Country of Incorporation	% of voting power held as at March 31, 2023	% of voting power held as at March 31, 2022
Mastek Enterprise Solutions Private Limited (formerly known as Trans American Information Systems Private Limited)	India	100%	100%

**The details of subsidiaries including step-down subsidiaries considered in these consolidated financial statements are:**

Name of the Company	Country of Incorporation	% of voting power held as at March 31, 2023	% of voting power held as at March 31, 2022
Newbury Taleo Group, Inc.	USA	100%	100%
Evolutionary Systems Canada Limited	Canada	100%	100%

**2 Basis of preparation****a. Basis of preparation & statement of compliance**

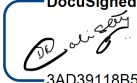
These Consolidated Financial Statements below (also referred to as "the financial statements") have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

They have been prepared under the assumption that the Group operates on a going concern basis.

These consolidated financial statements correspond to the classification provisions contained in IAS 1 (revised), "Presentation of Financial Statements". Accounting policies have been applied consistently to all periods presented in these consolidated financial statements except where a remission to an existing accounting standard required a change in the accounting policy hereto in use. The consolidated financial statements comprise the consolidated statement of financial position as of March 31, 2023 with comparative statement of financial position as on March 31, 2022; the consolidated statement of profit and loss and other comprehensive loss; the consolidated statement of changes in equity; and the consolidated statement of cash flows for the years ended March 31, 2023 with comparatives for the year ended March 31, 2022.

At the date of authorization of these consolidated financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been adopted early by the Group. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and interpretations not adopted have not been listed / disclosed below as they are not expected to have a material impact on the Group's financial statements.

All amounts included in the consolidated financial statements are reported in US dollar (in \$).

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**EVOLUTIONARY SYSTEMS CORP.****Notes to the Consolidated Financial Statements for year ended March 31, 2023**

The consolidated financial statements have been prepared on an accrual basis and on a historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant standard:

- Certain financial assets and liabilities measured at fair value; and
- Defined benefit and employee benefits.

**b. Use of estimate and judgement**

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

i) *Revenue Recognition*: The Group applies the percentage of completion method in accounting for its fixed price contracts. Use of the percentage of completion method requires the Group to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

ii) *Income taxes*: Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.

iii) *Property, plant and equipment*: Property, plant and equipment represent a significant proportion of the asset base of the Group. The change in respect of periodic depreciation is derived after determining an estimate of an assets expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the Group's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in

iv) *Impairment testing*: Goodwill and Intangible assets recognised on business combination are tested for impairment at least annually or when events occur or changes in circumstances indicate that the recoverable amount of the asset or the cash generating unit (CGU) to which these pertain is less than the carrying value. The recoverable amount of the asset or the cash generating units is higher of value-in-use and fair value less cost of disposal. The calculation of value in use of a cash generating unit involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

v) *Expected credit losses on financial assets*: The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history of collections, customer's credit-worthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

vi) *Deferred taxes*: Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Group considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

vii) *Provisions*: Provision is recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement obligation and compensated expenses) are not discounted to their present value and are determined based on best estimate required to settle obligation at the balance sheet date. These are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

**EVOLUTIONARY SYSTEMS CORP.****Notes to the Consolidated Financial Statements for year ended March 31, 2023**

(viii) *Leases*: Determining the lease term of contracts with renewal and termination options – Group as lessee

IFRS 16 requires the lessee to determine 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 Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if 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 renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

When it is reasonably certain to exercise extension option and not to exercise termination option, the Group includes such extended term and ignore termination option in determination of lease term.

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The Group has taken indicative rates from its bankers and used them for IFRS 16 calculation purposes.

**c. Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group (its subsidiaries). Control exists when the parent has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of subsidiaries are consolidated on a line-by-line basis and intra-group balances and transactions including unrealised gain/ loss from such transactions are eliminated upon consolidation. The financial statements are prepared by applying uniform policies in use at the Group.

**d. Summary of significant accounting policies****(i) Functional and presentation currency**

Items included in the consolidated financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which these entities operate (i.e. the "functional currency"). The consolidated financial statements are presented in USD dollar, which is the functional currency of the Group.

**ii) Foreign currency transactions and balances**

Foreign currency transactions of the Group are accounted at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities are translated at each reporting date based on the rate prevailing on such date. Gains and losses resulting from the settlement of foreign currency monetary items and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit and loss. Non-monetary assets and liabilities are continued to be carried at rates of initial recognition.

For the purposes of presenting the consolidated financial statements assets and liabilities of Group's foreign operations with functional currency different from the Company are translated into Company's functional currency i.e. INR using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate in effect at the balance sheet date.

**(iii) Financial instruments****A. Initial recognition and measurement**

The Group recognises financial assets and liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognised at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular purchase and sale of financial assets are recognised on the trade date.

**EVOLUTIONARY SYSTEMS CORP.****Notes to the Consolidated Financial Statements for year ended March 31, 2023****B. Subsequent measurement****a. Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets are subsequently measured at amortised cost using the effective interest rate method less impairment losses, if any.

**b. Financial liabilities**

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**C. Derecognition of financial instruments**

The Group derecognises a financial asset when the contractual right to receive the cash flows from the financial asset expire or it transfers the financial asset.

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

Offsetting of financial instruments: Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**(iv) Current versus non-current classification****1. An asset is considered as current when it is:**

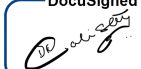
- a. Expected to be realised or intended to be sold or consumed in the normal operating cycle, or
- b. Held primarily for the purpose of trading, or
- c. Expected to be realised within twelve months after the reporting period, or
- d. Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

**2. All other assets are classified as non-current.****3. Liability is considered as current when it is:**

- a. Expected to be settled in the normal operating cycle, or
- b. Held primarily for the purpose of trading, or
- c. Due to be settled within twelve months after the reporting period, or
- d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

**4. All other liabilities are classified as non-current.****5. Deferred tax assets and liabilities are classified as non-current assets and liabilities.**

6. All assets and liabilities have been classified as current or non-current as per the Group's operating cycle. Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as a period not exceeding twelve months for the purpose of current and non-current classification of assets and liabilities.

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**EVOLUTIONARY SYSTEMS CORP.****Notes to the Consolidated Financial Statements for year ended March 31, 2023****(v) Property, Plant and Equipment (PPE)**

Property, plant and equipment are stated at cost, less accumulated depreciation, amortisation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The cost of property, plant and equipment acquired in a business combination is recorded at fair value on the date of acquisition.

An item of property, plant and equipment and any significant part initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the Statement of Profit or Loss when the asset is derecognised.

The Group depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Category	Useful life
Computers	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Leasehold improvements	5 - 10 years or the primary period of lease whichever is less

Depreciation methods, useful lives and residual values are reviewed at each reporting date. Depreciation on addition/ disposal is calculated pro-rata from the date of such addition/disposal.

**(vi) Leases**

As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**a. Right of use assets**

The Group 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 determined as per (iv) above.

**b. Lease liabilities**

At the commencement date of the lease, the Group 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 Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group 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.



**EVOLUTIONARY SYSTEMS CORP.****Notes to the Consolidated Financial Statements for year ended March 31, 2023**

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**c. Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (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 laptops, lease-lines, office furniture and 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.

The Group does not have any leases as a lessor.

**(vii) Impairment of assets**

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

If such assets are considered to be impaired, the impairment to be recognized in the consolidated statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the consolidated statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

**(viii) Other short-term benefits**

The employees of the Group are also entitled for other short-term benefits in the form of compensated absences. Group's liability towards compensated absences is determined as per the local laws on a full liability basis for the entire un-availed vacation balances standing to the credit of each employee as at the year end.

**(ix) Provisions and contingent liabilities**

Provisions are recognised when the Group has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset, only when such reimbursement is virtually certain.

**(x) Revenue Recognition**

The Group derives revenue primarily from Information Technology services which includes IT Outsourcing services, support and maintenance services. The Group recognises revenue over time of period of contract on transfer of control of deliverables (solutions and services) to its customers in an amount reflecting the consideration to which the Group expects to be entitled. To recognise revenues, Group applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognise revenues when a performance obligation is satisfied.

Group accounts for a contract when it has approval and commitment from all parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

Fixed Price contracts related to Application development, consulting and other services are single performance obligation or a stand-ready performance obligation, which in either case is comprised of a series of distinct services that are substantially the same and have the same pattern of transfer to the customer (i.e. distinct days or months of service). Revenue is recognised in accordance with the method prescribed for measuring progress i.e. percentage of completion method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. Revenues relating to time and material contracts are recognised as the related services are rendered.

**EVOLUTIONARY SYSTEMS CORP.****Notes to the Consolidated Financial Statements for year ended March 31, 2023****IT support and maintenance-**

Contracts related to maintenance and support services are either fixed price or time and material. In these contracts, the performance obligations are satisfied, and revenues are recognised, over time as the services are provided. Revenue from maintenance contracts is recognised ratably over the period of the contract because the Group transfers the control evenly by providing standard services.

The term of the maintenance contract is usually one year. Renewals of maintenance contracts create new performance obligations that are satisfied over the term with the revenues recognised ratably over the term.

Contracts may include incentives, service level penalties and rewards. The Group includes an estimate of the amount it expects to receive for the total transaction price if it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved.

Any modification or change in existing performance obligations is assessed whether the services added to the existing contracts are distinct or not. The distinct services are accounted for as a new contract and services which are not distinct are accounted for on a cumulative catch-up basis.

Trade Receivable, net is primarily comprised of billed and unbilled receivables (i.e. only the passage of time is required before payment is due) for which there exists an unconditional right to consideration, net of an allowance for doubtful accounts. A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets are presented in "Other current assets" in the financial statements and primarily relate to unbilled amounts on fixed-price contracts utilizing the cost to cost method (POCM) of revenue recognition. Contract liabilities consist of advance payments and billings in excess of revenues recognised. The difference between opening and closing balance of the contract assets and liabilities results from the timing differences between the performance obligations and customer payment.

Cost to fulfil the contracts- Recurring operating costs for contracts with customers are recognised as incurred. Revenue recognition excludes any government taxes but includes reimbursement of out of pocket expenses.

**(xi) Income tax**

Tax expense recognised in consolidated statement of profit and loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws applicable to the reporting period and for deferred tax with tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

**(xii) Finance / Borrowing costs**

Finance costs comprises interest cost on borrowings. Borrowing costs that are not directly attributable to a qualifying asset are recognised in the consolidated statement of profit and loss using the effective interest method.

**(xiii) Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the period.

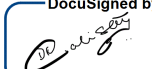
For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the Group and the weighted average number of shares outstanding during the period, are adjusted for the effects of all dilutive potential

**(xiv) Cash and cash equivalents**

Cash and cash equivalents include cash in hand and balance with current bank accounts.

**(xv) New and revised IFRS Standards in issue but not yet effective**

At the date of authorisation of these financial statements, new and revised IFRS standards are not applicable to the group.

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**EVOLUTIONARY SYSTEMS CORP.****Notes to the Consolidated Financial Statements for year ended March 31, 2023****3(a) Property, plant and equipment**

Particulars	Gross value (at cost)				Depreciation				Net value	
	As at April 1, 2022	Additions	Disposals	As at March 31, 2023	As at April 1, 2022	For the year	Disposals	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Computers	63,060	21,720	-	84,780	35,618	19,089	-	54,707	30,073	27,442
Furniture and fixtures	1,048	-	-	1,048	450	150	-	600	448	598
<b>Total</b>	<b>64,108</b>	<b>21,720</b>	<b>-</b>	<b>85,828</b>	<b>36,068</b>	<b>19,239</b>	<b>-</b>	<b>55,307</b>	<b>30,521</b>	<b>28,040</b>

**3(b) Right-of-use assets**

Particulars	Gross value (at cost)				Depreciation				Net value	
	As at April 1, 2022	Additions	Disposals	As at March 31, 2023	As at April 1, 2022	For the year	Disposals	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Building	71,732	-	-	71,732	71,732	-	-	71,732	-	-
	<b>71,732</b>	<b>-</b>	<b>-</b>	<b>71,732</b>	<b>71,732</b>	<b>-</b>	<b>-</b>	<b>71,732</b>	<b>-</b>	<b>-</b>


**For previous year ended March 31, 2022**

Particulars	Gross value (at cost)				Depreciation				Net value	
	As at April 1, 2021	Additions	Disposals	As at March 31, 2022	As at April 1, 2021	For the year	Disposals	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Computers	44,610	18,450	-	63,060	21,946	13,672	-	35,618	27,442	22,664
Furniture and fixtures	1,048	-	-	1,048	300	150	-	450	598	748
<b>Total</b>	<b>45,658</b>	<b>18,450</b>	<b>-</b>	<b>64,108</b>	<b>22,246</b>	<b>13,822</b>	<b>-</b>	<b>36,068</b>	<b>28,040</b>	<b>23,412</b>

**Right-of-use assets**

Particulars	Gross value (at cost)				Depreciation				Net value	
	As at April 1, 2021	Additions	Disposals	As at March 31, 2022	As at April 1, 2021	For the year	Disposals	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Building	71,732	-	-	71,732	51,198	20,534	-	71,732	-	20,534
	<b>71,732</b>	<b>-</b>	<b>-</b>	<b>71,732</b>	<b>51,198</b>	<b>20,534</b>	<b>-</b>	<b>71,732</b>	<b>-</b>	<b>20,534</b>

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**EVOLUTIONARY SYSTEMS CORP.****Notes to the Consolidated Financial Statements for year ended March 31, 2023**

	As at	
	March 31, 2023	March 31, 2022
<b>4 Other non-current assets</b>		
Security deposits	4,563	6,363
	<b>4,563</b>	<b>6,363</b>

Refer note 24 for information on credit risk and market risk.

	As at	
	March 31, 2023	March 31, 2022
<b>5 Trade receivables</b>		
Trade receivables, gross from related party (refer note 21(iii))	8,78,456	-
Trade receivables, gross from others	61,29,566	49,70,014
Less: Allowance for expected credit losses	(19,38,744)	(2,47,300)
	<b>50,69,278</b>	<b>47,22,714</b>

**Notes**

- (i) Trade receivables are non-interest bearing.  
(ii) Refer note 24 for information on credit risk and market risk.  
(iii) All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

	As at	
	March 31, 2023	March 31, 2022
<b>6 Cash and cash equivalents</b>		
Bank balances - in current bank accounts	14,68,997	26,11,152
	<b>14,68,997</b>	<b>26,11,152</b>

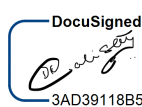
**Notes:**

- i) Refer note 24 for information on credit risk and market risk.  
ii) There are no repatriation restrictions with regards to cash and cash equivalents.

	As at	
	March 31, 2023	March 31, 2022
<b>7 Other current assets</b>		
Prepaid expenses	7,080	19,676
Contract asset [refer note 2(e)(x)]	55,24,160	43,02,239
	<b>55,31,240</b>	<b>43,21,915</b>

**Note:**

- i) Refer note 24 for information on credit risk and market risk.

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**EVOLUTIONARY SYSTEMS CORP.****Notes to the Consolidated Financial Statements for year ended March 31, 2023**

	As at	
	March 31, 2023	March 31, 2022
<b>8 Equity share capital</b>		
Authorised: 275,000 (March 31, 2022: 275,000 shares of no par value) equity shares of no par value	-	-
Issued, subscribed and fully paid up : 275,000 (March 31, 2022: 275,000 shares of no par value) equity shares of no par value	-	-
	-	-

**(a) Rights, preferences and restrictions attached to equity shares**

The Company has one class of equity shares having no par value. Each shareholder is eligible for one vote per share held and dividend rights in equivalent proportion. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**(b) Reconciliation of the number of equity shares outstanding at the beginning and end of the year are as given below:**

Particulars	As at			
	March 31, 2023		March 31, 2022	
	No. of shares	Amount	No. of shares	Amount
Balance as at beginning of the year	2,75,000	-	2,75,000	-
Add : Shares issued during the year	-	-	-	-
<b>Balance as at the end of the year</b>	<b>2,75,000</b>	<b>-</b>	<b>2,75,000</b>	<b>-</b>

	As at	
	March 31, 2023	March 31, 2022
<b>9 Other equity</b>		
Share premium	2,750	2,750
Retained earnings (All net gains and losses and transactions with owners including prior year's undistributed earnings after taxes)	21,15,190	43,44,862
Foreign currency translation reserve	(29,873)	(1,240)
	<b>20,88,067</b>	<b>43,46,372</b>

	As at	
	March 31, 2023	March 31, 2022
<b>10 Borrowings</b>		
<b>Unsecured</b>		
Loan from related party, interest free and repayable on demand	40,77,916	-
	<b>40,77,916</b>	<b>-</b>

(i) Refer note 24 for information on liquidity risk.

	As at	
	March 31, 2023	March 31, 2022
<b>11 Trade payables</b>		
Trade payables	56,56,848	54,51,650
	<b>56,56,848</b>	<b>54,51,650</b>

**Notes**

(i) All amounts are short-term. The carrying values of trade payables are considered to be a reasonable approximation of fair value.

(ii) Out of total trade payable USD 5,474,327 (March 31, 2022: USD 4,807,540) amount payable to related party. Refer note 21(iii).

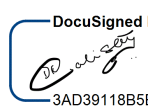
(iii) Refer note 24 for information on liquidity risk.

	As at	
	March 31, 2023	March 31, 2022
<b>12 Other current liabilities</b>		
Revenue received in advance	-	18,493
Employee benefits payable	7,69,088	11,35,108
Contract liabilities [refer note 2(d)(x)]	12,68,819	8,11,892
Other payables	1,43,911	4,06,715
	<b>21,81,818</b>	<b>23,72,208</b>

**Notes**

(i) Refer note 24 for information on liquidity risk

(ii) The amounts recognised as a contract liability will generally be utilised within the next annual reporting period.

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**EVOLUTIONARY SYSTEMS CORP.****Notes to the Consolidated Financial Statements for year ended March 31, 2023**

<b>13 Revenue</b>	<b>For the year ended</b>	
	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Sale of services		
Information technology services	2,40,27,128	2,52,68,986
Other operating revenue	2,91,646	36,759
	<b>2,43,18,774</b>	<b>2,53,05,745</b>

**Disaggregated revenue**

The table below presents disaggregated revenues from contracts with customers by customer location and service line for each of the business segments. The Group believe this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

**Revenue by geography**

US

<b>For the year ended</b>	
<b>March 31, 2023</b>	<b>March 31, 2022</b>
2,43,18,774	2,53,05,745
<b>2,43,18,774</b>	<b>2,53,05,745</b>

**Revenue by service line**

Oracle Cloud & Enterprise Apps  
Data, Automation and AI  
Digital Commerce & Experience

<b>For the year ended</b>	
<b>March 31, 2023</b>	<b>March 31, 2022</b>
2,01,44,772	2,19,06,813
37,48,532	31,52,053
4,25,470	2,46,879
<b>2,43,18,774</b>	<b>2,53,05,745</b>

**Timing of revenue recognition**

Transferred over time  
Transferred at a point in time

<b>For the year ended</b>	
<b>March 31, 2023</b>	<b>March 31, 2022</b>
2,24,86,788	2,07,12,516
15,40,340	45,56,470
<b>2,40,27,128</b>	<b>2,52,68,986</b>

**Notes:**

- i) The above figures have been extracted from MIS generated report, to compute Time and Material and Fix Bid Revenue.  
ii) The above figures exclude the amount pertaining to other operating revenue in March 31, 2023 USD 291,646 (March 31, 2022 USD 36,759).

**Remaining performance obligation**

As of March 31, 2023, the aggregate amount of transaction price allocated to remaining performance obligations, was USD 23,329,878 of which approximately 100% is expected to be recognized as revenues within 3 years. (March 31, 2022 USD 27,706,811)

**Contract balances****Changes in Contract assets are as follows:****Contract balances**

Balance at the beginning of the year  
Invoices raised that were included in the contract assets balance at the beginning of the year  
Increase due to revenue recognised during the year, excluding amounts billed during the year

**Balance at the end of the year**

<b>For the year ended</b>	
<b>March 31, 2023</b>	<b>March 31, 2022</b>
43,02,239	19,16,731
(35,40,931)	(13,92,983)
47,62,852	37,78,491
<b>55,24,160</b>	<b>43,02,239</b>

**Changes in contract liabilities are as follows:**

Balance at the beginning of the year  
Revenue recognised that was included in the contract liability balance at the beginning of the year  
Increase due to invoicing during the year, excluding amounts recognised as revenue during the year

**Balance at the end of the year**

<b>For the year ended</b>	
<b>March 31, 2023</b>	<b>March 31, 2022</b>
8,11,892	14,51,454
(6,11,861)	(13,70,042)
10,68,788	7,30,482
<b>12,68,819</b>	<b>8,11,892</b>

**14 Other income**

Other non-operating income

<b>For the year ended</b>	
<b>March 31, 2023</b>	<b>March 31, 2022</b>
4,901	14,134
<b>4,901</b>	<b>14,134</b>

**EVOLUTIONARY SYSTEMS CORP.****Notes to the Consolidated Financial Statements for year ended March 31, 2023**

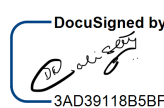
	For the year ended	
	March 31, 2023	March 31, 2022
<b>15 Employee benefits expenses</b>		
Salaries, wages & performance incentives	82,66,481	73,28,930
Staff welfare expenses	3,85,313	2,97,695
	<b>86,51,794</b>	<b>76,26,625</b>

	For the year ended	
	March 31, 2023	March 31, 2022
<b>16 Depreciation expenses</b>		
Property, plant and equipment (refer note 3(a))	19,239	13,822
Right-of-use assets (refer note 3(b))	-	20,534
	<b>19,239</b>	<b>34,356</b>

	For the year ended	
	March 31, 2023	March 31, 2022
<b>17 Other expenses</b>		
Recruitment and training expenses	80,000	2,37,415
Travelling and conveyance expenses	5,53,866	2,72,778
Communication charges	22,979	25,732
Consultancy and sub-contracting charges (refer note 21)	1,53,46,138	1,45,06,180
Software development cost	41,194	54,700
Rates and taxes	10,492	16,302
Repairs		
Buildings	17,418	5,317
Others	8,757	21,907
Insurance charges	58,189	43,603
Printing & stationery	164	2,173
Professional fees	1,01,193	32,490
Rent (Refer note 26)	1,11,211	26,171
Advertisement and publicity	1,52,894	1,96,894
Provision for doubtful trade receivables	18,69,244	2,14,957
Net loss on foreign currency transactions and translation	32,411	9,298
Bank charges	10,748	8,855
Corporate expense allocation from group companies	4,57,448	-
Miscellaneous expenses	68,741	4,998
	<b>1,89,43,087</b>	<b>1,56,79,770</b>

	For the year ended	
	March 31, 2023	March 31, 2022
<b>18 Finance costs</b>		
Interest on lease liabilities (refer note 26)	-	491
Interest	75,305	2,686
	<b>75,305</b>	<b>3,177</b>

	For the year ended	
	March 31, 2023	March 31, 2022
<b>19 Earnings Per Share (EPS)</b>		
The components of basic and diluted loss per share for total operations are as follows:		
(a) Net profit attributable to equity shareholders	(22,29,672)	13,38,368
(b) Weighted average number of outstanding equity shares considered for basic and diluted EPS (Refer note 9)	2,75,000	2,75,000
<b>(c) Basic and diluted EPS</b>	<b>(8.11)</b>	<b>4.87</b>

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**EVOLUTIONARY SYSTEMS CORP.**  
**Notes to the Consolidated Financial Statements for year ended March 31, 2023**

**20 Income taxes**

a) Income tax expense in the consolidated statement of profit or loss consists of:

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Current tax	(13,087)	(8,34,549)
Deferred tax	8,25,140	2,44,445
Tax related to earlier years	3,24,025	(47,479)
<b>Total tax expense recognised in the consolidated statement of profit or loss</b>	<b>11,36,078</b>	<b>(6,37,583)</b>

b) The reconciliation between the provision of income tax of the Group and amounts computed by applying the federal income tax rate to profit before taxes is as follows:

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Profit before tax	(33,65,750)	19,75,951
Enacted income tax rate in US	21%	21%
<b>Computed expected tax expense</b>	<b>(7,06,808)</b>	<b>4,14,950</b>
<b>Effect of:</b>		
Differential tax payable in Canada on account of differential income tax rate	2,716	(1,127)
Expenses that are not deductible in determining taxable profit	-	4,389
Prior period tax- Current Tax	(3,24,025)	47,479
State taxes for the year	(2,06,156)	1,71,892
Others	98,195	-
<b>Total income tax expense recognised in the consolidated statement of profit or loss</b>	<b>(11,36,078)</b>	<b>6,37,583</b>

c) **The movement in gross deferred income tax assets and (liabilities) (before set-off) for the year ended March 31, 2023 is as follows:**

Particulars	Carrying value as at April 1, 2022	Changes through profit and loss	Carrying value as at March 31, 2023
Property, plant and equipment	(7,634)	245	(7,389)
Provision for doubtful trade receivables	67,448	4,20,837	4,88,285
Accrued variable salary	1,67,883	(83,288)	84,595
Provision for wealth bonus	4,570	6,274	10,844
Provision for sales incentive	1,34,932	(44,261)	90,671
Others	-	12,356	12,356
Net operating losses	-	5,12,977	5,12,977
<b>Total</b>	<b>3,67,199</b>	<b>8,25,140</b>	<b>11,92,339</b>

c) **The movement in gross deferred income tax assets and (liabilities) (before set-off) for the year ended March 31, 2022 is as follows:**

Particulars	Carrying value as at April 1, 2021	Changes through profit and loss	Carrying value as at March 31, 2022
Property, plant and equipment	(6,154)	(1,480)	(7,634)
Provision for doubtful trade receivables	8,958	58,490	67,448
Provision for compensated absence	5,648	(5,648)	-
Accrued Variable Salary	1,12,392	55,491	1,67,883
Provision for Wealth Bonus	1,649	2,921	4,570
Provision for Sales Incentive	-	1,34,932	1,34,932
Others	262	(262)	-
<b>Total</b>	<b>1,22,754</b>	<b>2,44,445</b>	<b>3,67,199</b>

**21 Related party disclosures (Relationships have been disclosed to the extent transactions have taken place and for relationships of control)**

Name of related party	Nature of relationship	Country of incorporation
Mastek Limited	Ultimate Holding Company	India
Mastek Enterprise Solutions Private Limited (formerly known as Trans American Information Systems Private Limited)	Holding Company	India
Evolutionary Systems Consultancy LLC	Fellow Subsidiary Company	United Arab Emirates
Mastek Digital Inc	Fellow Subsidiary Company	United States of America
Trans American Information Systems Inc	Fellow Subsidiary Company	United States of America
Mastek Inc	Fellow Subsidiary Company	United States of America
Mastek System Company Limited	Fellow Subsidiary Company	United Kingdom
Mastek Arabia FZ LLC	Fellow Subsidiary Company	United Arab Emirates

Key Management Personnel (KMP):  
 Diwakar Palisetty, Director, President, secretary  
 Mayur Gajendragadkar, Director, treasurer

i) **Transactions with key management personnel**

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Salaries and other employee benefits	3,52,741	2,99,083



**EVOLUTIONARY SYSTEMS CORP.**  
**Notes to the Consolidated Financial Statements for year ended March 31, 2023**

ii) **Transactions with related parties during the year were:**

Nature of transactions	Name of related party	For the year ended	
		March 31, 2023	March 31, 2022
Consultancy and sub-contracting charges	Mastek Enterprise Solutions Private Limited (formerly known as Trans American Information Systems Private Limited)	1,04,18,278	86,88,376
	Trans American Information Systems Inc	19,08,856	10,99,656
	Evolutionary Systems Consultancy LLC	-	1,35,915
	Mastek Digital Inc	-	63,234
	Mastek Inc	93,390	-
Information technology services	Trans American Information Systems Inc	7,03,606	2,19,330
	Mastek Inc	4,20,787	-
Other reimbursable charges	Mastek Inc	2,12,370	-
	Evolutionary Systems Consultancy LLC	2,26,510	-
	Mastek Arabia FZ LLC	18,568	-
Interest paid	Mastek System Company Limited	75,305	-

iii) **Balances outstanding are as follows:**

Nature of balances	Name of related party	For the year ended	
		March 31, 2023	March 31, 2022
Trade and other payables	Mastek Enterprise Solutions Private Limited (formerly known as Trans American Information Systems Private Limited)	34,27,995	38,90,213
	Trans American Information Systems Inc	16,28,575	7,68,355
	Evolutionary Systems Consultancy LLC	13,533	1,35,915
	Mastek Digital Inc	25,663	13,057
	Mastek Inc	3,19,260	-
	Mastek Arabia FZ LLC	13,537	-
	Mastek Limited	45,764	-
Trade receivables	Trans American Information Systems Inc	5,48,296	-
	Mastek Inc	3,30,160	-
Borrowings	Mastek System Company Limited	40,77,916	-

**22 Segment reporting**

The Group has only one reportable segment which is Software Development. Accordingly, the figures appearing in these consolidated financial statements relate solely to that business segment. Non-current assets other than financial instrument, deferred tax asset and employee benefits have not been identified to any of the geography as they are used interchangeable between geographies. Accordingly disclosures relating to total segment assets and liabilities are not practicable.

**23 Financial instrument**

The carrying value and fair value of financial instruments by categories as at March 31, 2023 and March 31, 2022 is as follows:

Particulars	Carrying Value		Fair Value	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
<b>Assets</b>				
<b>Amortised cost</b>				
Other non-current assets	4,563	6,363	4,563	6,363
Trade receivables	50,69,278	47,22,714	50,69,278	47,22,714
Cash and cash equivalents	14,68,997	26,11,152	14,68,997	26,11,152
<b>Total assets</b>	<b>65,42,838</b>	<b>73,40,229</b>	<b>65,42,838</b>	<b>73,40,229</b>
<b>Liabilities</b>				
<b>Amortised cost</b>				
Trade payables	56,56,848	54,51,650	56,56,848	54,51,650
Other liabilities	9,12,999	15,41,823	9,12,999	15,41,823
<b>Total liabilities</b>	<b>65,69,847</b>	<b>69,93,473</b>	<b>65,69,847</b>	<b>69,93,473</b>

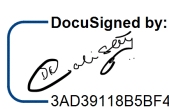
**24 Financial risk management**

The Group's activities expose it to a variety of financial risks, market risk, credit risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Group's management oversees the management of these risk and formulates the policies, the Board of Directors reviews and approves policies for managing each of these risks, which are summarised below:

**Market risk:** Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market prices. The primary market risk to the Group is foreign exchange risk.

**Foreign currency risk**

The Group's exposure to risk of change in foreign currencies exchange rates arising from foreign currency transactions, is primarily with respect to the currencies which are not fixed. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity.

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## EVOLUTIONARY SYSTEMS CORP.

## Notes to the Consolidated Financial Statements for year ended March 31, 2023

**Non-Derivative Financial Instruments**

The following table presents foreign currency risk from non- derivative financial instrument as of March 31, 2023 and March 31, 2022.

Currency	As at March 31, 2023					
	Amount in respective foreign currencies			Amount (in USD)		
	Financial assets	Financial liabilities	Net assets / (liabilities)	Financial assets	Financial liabilities	Net assets / (liabilities)
CAD	-	(8,02,050)	(8,02,050)	-	(5,92,167)	(5,92,167)
INR	-	(85,086)	(85,086)	-	(1,035)	(1,035)
SGD	-	(330)	(330)	-	(248)	(248)
<b>Total (in USD)</b>				-	(5,93,203)	(5,93,203)

Currency	As at March 31, 2022					
	Amount in respective foreign currencies			Amount (in USD)		
	Financial assets	Financial liabilities	Net assets / (liabilities)	Financial assets	Financial liabilities	Net assets / (liabilities)
AED	-	(4,98,531)	(4,98,531)	-	(1,35,915)	(1,35,915)
CAD	5,28,872	-	5,28,872	4,23,632	-	4,23,632
<b>Total (in USD)</b>				4,23,632	(1,35,915)	2,87,717

As at March 31, 2023 and March 31, 2022 respectively, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Group would impact results by approximately USD 5,932 and USD 2,877 respectively.

**Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counter party credit risk is to prevent losses in financial assets. The Group assesses the credit quality of the counterparties, taking into account their financial position, past experience, analysis of historical bad debts, ageing of accounts receivable and other factors.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment and accordingly, the Group accounts for the expected credit loss. One customer who contributes for more than 10% of outstanding total accounts receivables aggregating to 48% as at March 31, 2023 (Three customers who contributes for more than 10% in March 31, 2022).

The following table gives details in respect of revenues generated from top customer and top 5 customers:

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Revenue from Top Customer	18%	13%
Revenue from Top 5 Customers	48%	41%

**Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Group has unutilized credit limits with banks. The Group's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The management monitors the Group's net liquidity position through rolling forecast on the basis of expected cash flows.

The liquidity position of the Group is given Below

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Cash and cash equivalents	14,68,997	26,11,152

The table below provides details regarding the contractual maturities of significant liabilities as at March 31, 2023 and March 31, 2022:

Particulars	As at March 31, 2023	
	Less than 1 Year	1 Year and above
Trade payables	8,47,445	48,09,403
Other liabilities	9,12,999	-

Particulars	As at March 31, 2022	
	Less than 1 Year	1 Year and above
Trade and other payables	48,15,985	6,35,665
Other liabilities	15,41,823	-

**25 Capital management**

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The

Group monitors the return on capital. The Group's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

Particulars	As At	
	March 31, 2023	March 31, 2022
<b>Total equity attributable to the Equity Share Holders of Group</b>	<b>20,88,067</b>	<b>43,46,372</b>
Equity capital as a percentage of total capital	34%	100%
Current borrowing	40,77,916	-
<b>Total loans and borrowings</b>	<b>40,77,916</b>	<b>-</b>
<b>Total Cash and cash equivalent</b>	<b>14,68,997</b>	<b>26,11,152</b>
Borrowings as a percentage of total capital	66%	0%
<b>Total capital (Loans, borrowings and equity)</b>	<b>61,65,983</b>	<b>43,46,372</b>
<b>Total adjusted capital ( borrowing - cash and cash equivalent + total equity)</b>	<b>46,96,986</b>	<b>17,35,220</b>



**EVOLUTIONARY SYSTEMS CORP.****Notes to the Consolidated Financial Statements for year ended March 31, 2023****26 Leases****The Group as lessee**

The Group's leased assets primarily consist of leases for office premises, guest houses, laptops, lease lines, furniture and equipment. Leases of office premises and guest houses generally have lease term between 2 to 46 years. The Group has applied low value exemption for leases of laptops, leased lines, furniture and equipment and accordingly are excluded from IFRS 16.

i) The carrying amounts of right-of-use assets recognised and the movements during the period (Refer note 3(b))

ii) Set out below are the carrying amounts of lease liabilities and the movements during the year:

Particulars	Year ended	
	March 31, 2023	March 31, 2022
As at April 1, 2022	-	21,529
Interest expenses on lease liability	-	491
Payments	-	(22,020)

iii) The following are the amounts recognised in the consolidated statement of profit and loss:

Particulars	Year ended	
	March 31, 2023	March 31, 2022
Depreciation expense of right-of-use assets	-	20,534
Finance expense on lease liabilities	-	491
Expense relating to short-term leases (included in other expenses)	-	26,171
<b>Total amount recognised in the consolidated statement of profit and loss</b>	<b>-</b>	<b>47,196</b>

The Group had total cash outflows for leases of USD Nil in FY 2022-23 (USD 22,020 in FY 2021-22).

There are several lease agreements with extension and termination options, management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. Since it is reasonable certain to exercise extension option and not to exercise termination option, the Group has opted to include such extended term and ignore termination option in determination of lease term.

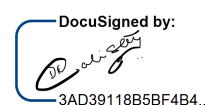
**27 Post-reporting date events**

No adjusting or significant non-adjusting events have occurred between March 31, 2023 and the date of authorization of consolidated financial statements.

**28 Authorization of Financial Statements**

These consolidated financial statements for the year ended March 31, 2023 (including comparatives) were approved by the Board of Directors and authorised for issue on February 01, 2024.

For and on behalf of Board of Directors of **Evolutionary Systems Corp.**

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**Diwakar Palisetty**  
 Director