

**EVOLUTIONARY SYSTEMS  
CONSULTANCY LLC**

**Financial Statements**

*31 March 2024*

**Registered office**

P.O Box 7891, Airport Road  
Abu Dhabi, U.A.E.

# **EVOLUTIONARY SYSTEMS CONSULTANCY LLC**

## **Reports and Financial Statements**

*For the year ended 31 March 2024*

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# EVOLUTIONARY SYSTEMS CONSULTANCY LLC

## Director's Report

The Director submits his report and financial statements for the financial year ended 31 March 2024.

### Results and dividend

Loss for the year amounted to AED 6,279,191/-.

### Review of the business

The company is registered and engaged to provide information technology consultancy and onshore and offshore oil and gas fields and facilities services to its customers and related parties.

### Assurance of continued operations

The financial statements of the company have been prepared on a going concern basis, supported by robust projections affirming our continued viability. Despite accumulated losses of AED 19,960,724/- and a deficit in total equity of AED 19,405,061/- as at 31 March 2024, the unwavering commitment of our shareholder ensures the Company's ability to meet obligations and sustain operations. We remain focused on enhancing efficiency and exploring growth opportunities, bolstered by our confidence in the future.

### Events since the end of the year

There were no important events, which have occurred since the year-end that materially affect the Company.

### Shareholders and their interests

The shareholders at 31 March 2024 and their interests as on that date in the share capital of the company were as follows:

<i>Name of the shareholders</i>	<i>Nationality/ Country of incorporation</i>	<i>No. of shares</i>	<i>AED</i>
Mr. Abdulla Mubarak Abdulla Yousof Al Khemeiri	U.A.E.	51	76,500
Mastek Arabia FZ LLC	U.A.E.	<u>49</u>	<u>73,500</u>
		<b><u>100</u></b>	<b><u>150,000</u></b>

*Represented by Mr. Abhishek Singh, director of the company.*

### Auditors

A resolution to re-appoint KSI Shah & Associates as auditors and fix their remuneration will be put to board at the Annual General Meeting.



**Mr. Manish Nahata**  
Director



## **Independent Auditors' Report to the Shareholders/Directors of EVOLUTIONARY SYSTEMS CONSULTANCY LLC**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of **EVOLUTIONARY SYSTEMS CONSULTANCY LLC** (the "Company"), which comprises of the statement of financial position as at 31 March 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and explanatory notes.

In our opinion, read with note 2.1, the financial statements present fairly, in all material respects, the financial position of the company as of 31 March 2024 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the establishment 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 financial statements in the UAE, 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.

#### **Emphasis of matters**

Without qualifying our audit opinion, we draw attention to -

- 1) Note 19 to the financial statements, which describes that the company's U.A.E. tax year commences on 1 January 2024 ends on 31 December 2024, which differs from the statutory financial year end period commencing from 1 April 2023 to 31 March 2024.
- 2) Note 2.1 to the financial statements, which states that these financial statements are prepared on a going concern basis in view of the accumulated losses of AED 19,960,724/- (previous year AED 13,681,533/-) and the deficit of AED 19,405,061/- (previous year AED 13,447,114/-) in the equity funds. In the opinion of the management, considering probable revenue sharing restructuring at the group level and future cash flows projections, the continuance of the business as a going concern is dependent upon the company's ability to generate positive cash flows from its future operations to meet its financial obligations and the continued financial support from the shareholder, Mastek Arabia FZ LLC, U.A.E. and the ultimate shareholder, Mastek India Limited, India.

#### **Emphasis of matters**

Management is responsible for the other information. Other information comprises the director's report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

#### **Responsibilities of Management and Those Charged With Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Independent Auditors' Report to the Shareholders/Directors of EVOLUTIONARY SYSTEMS CONSULTANCY LLC

### Report on the Audit of the Financial Statements (contd.)

#### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to error or fraud, 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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


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

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Report on Other Legal and Regulatory Requirements

We further confirm that as required by the UAE Federal Law No (2) of 2015, we report that:

- i) we have obtained all the information necessary for the purpose of our audit;
- ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No (2) of 2015, and the articles of association of the company;
- iii) the company has maintained proper books of account;
- iv) the financial information in the Director's Report is consistent with the books of accounts of the company;
- v) the company has not made any investments in shares and stocks during the year ended 31 March 2024;
- vi) note 15 reflects material related party transactions and terms under which they were conducted and
- vii) based on the information made available to us, nothing has come to our attention which causes us to believe that the company has contravened during the financial year ended 31 March 2024 any of the applicable provisions of the UAE Federal Law No (2) of 2015 or of its activities which would materially affect its activities or its financial position as at 31 March 2024.

  
For KSI Shah & Associates  
Dubai, U.A.E.  
Signed by:  
Sonal P. Shah (Registration No. 123)



31 May 2025

## EVOLUTIONARY SYSTEMS CONSULTANCY LLC

## Statement of Financial Position

As at 31 March 2024

	Notes	2024 <u>AED</u>	2023 <u>AED</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	6	3,901	19,426
<b>Total non-current assets</b>		<b>3,901</b>	<b>19,426</b>
<b>Current assets</b>			
Trade and other receivables	7	3,633,838	5,532,838
Due from related parties	15	1,896,124	1,657,458
Cash and cash equivalents	8	477,769	1,261,922
<b>Total current assets</b>		<b>6,007,731</b>	<b>8,452,218</b>
<b>TOTAL ASSETS</b>		<b>6,011,632</b>	<b>8,471,644</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	150,000	150,000
Statutory reserve	10	75,000	75,000
Retained earnings		(19,960,724)	(13,681,533)
Other comprehensive income		330,663	9,419
		<b>(19,405,061)</b>	<b>(13,447,114)</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provision for staff end of service gratuity		1,225,385	1,396,408
<b>Total non-current liabilities</b>		<b>1,225,385</b>	<b>1,396,408</b>
<b>Current liabilities</b>			
Trade and other payables	11	2,249,410	1,735,361
Due to related parties	15	21,941,898	18,786,989
<b>Total current liabilities</b>		<b>24,191,308</b>	<b>20,522,350</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,011,632</b>	<b>8,471,644</b>

The accompanying notes 1 to 20 form an integral part of these financial statements.

The Independent Auditors' Report is set forth on pages 2 and 3.

Approved by the board of directors on 31st May 2025 and signed on their behalf by:

For EVOLUTIONARY SYSTEMS CONSULTANCY LLC



**Mr. Manish Nahata**  
Director



## EVOLUTIONARY SYSTEMS CONSULTANCY LLC

## Statement of Comprehensive Income

For the year ended 31 March 2024

	Notes	2024 <u>AED</u>	2023 <u>AED</u>
Revenue (refer note 15)		21,603,216	22,280,572
Cost of revenue	12	(22,559,228)	(26,792,727)
<b>Gross loss</b>		<b>(956,012)</b>	<b>(4,512,155)</b>
Other income		-	40,571
Expenses	13	(5,323,179)	(4,122,907)
<b>Operating loss</b>		<b>(6,279,191)</b>	<b>(8,594,491)</b>
<b>Loss for the year</b>		<b>(6,279,191)</b>	<b>(8,594,491)</b>
<b>Other comprehensive income, net of tax</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Defined benefit plan actuarial income/(loss)		321,244	498,782
<b>Other comprehensive income for the year</b>		<b>321,244</b>	<b>498,782</b>
<b>Total comprehensive loss for the year</b>		<b>(5,957,947)</b>	<b>(8,095,709)</b>

The accompanying notes 1 to 20 form an integral part of these financial statements.

## EVOLUTIONARY SYSTEMS CONSULTANCY LLC

## Statement of Changes in Equity

For the year ended 31 March 2024

	<i>Share capital</i> <i>AED</i>	<i>Statutory</i> <i>reserve</i> <i>AED</i>	<i>Retained</i> <i>earnings</i> <i>AED</i>	<i>Other</i> <i>comprehensiv</i> <i>e income</i> <i>AED</i>	<i>Total</i> <i>AED</i>
At 1 April 2022	150,000	75,000	(5,087,042)	(489,363)	(5,351,405)
(Loss) for the year	-	-	(8,594,491)	-	(8,594,491)
Other Comprehensive Income for the year	-	-	-	498,782	498,782
<b>At 31 March 2023</b>	<b>150,000</b>	<b>75,000</b>	<b>(13,681,533)</b>	<b>9,419</b>	<b>(13,447,114)</b>
(Loss) for the year	-	-	(6,279,191)	-	(6,279,191)
Other Comprehensive Income for the year	-	-	-	321,244	321,244
<b>At 31 March 2024</b>	<b>150,000</b>	<b>75,000</b>	<b>(19,960,724)</b>	<b>330,663</b>	<b>(19,405,061)</b>

The accompanying notes 1 to 20 form an integral part of these financial statements.

## EVOLUTIONARY SYSTEMS CONSULTANCY LLC

## Statement of Cash Flows

For the year ended 31 March 2024

	Notes	2024 <u>AED</u>	2023 <u>AED</u>
<b>Cash flows from operating activities</b>			
Loss for the year		(6,279,191)	(8,594,491)
Adjustments for:			
Depreciation of fixed assets	6	15,525	8,791
Provision for staff end of service gratuity (net)		<u>150,221</u>	<u>370,474</u>
<b>Operating cash flows before changes in operating assets and liabilities</b>		<b>(6,113,445)</b>	<b>(8,215,226)</b>
(Increase)/decrease in due from related parties	15	(238,666)	3,881,313
Decrease in trade and other receivables	7	1,899,000	2,206,538
Increase in due to related parties	15	3,154,909	3,671,258
Increase/(decrease) in trade and other payables	11	<u>514,049</u>	<u>(1,304,552)</u>
<b>Net cash (used in)/generated from operating activities</b>		<b>(784,153)</b>	<b>239,331</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets	6	-	(5,794)
<b>Net cash generated from/(used in) investing activities</b>		<b>-</b>	<b>(5,794)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(784,153)</b>	<b>233,537</b>
Cash and cash equivalents at the beginning of the year		<u>986,672</u>	<u>753,135</u>
<b>Cash and cash equivalents at the end of the year</b>	14	<b><u>202,519</u></b>	<b><u>986,672</u></b>

The accompanying notes 1 to 20 form an integral part of these financial statements.

# EVOLUTIONARY SYSTEMS CONSULTANCY LLC

## Notes to the Financial Statements

*For the year ended 31 March 2024*

### 1 General information

a) **EVOLUTIONARY SYSTEMS CONSULTANCY LLC** (The Company) is a limited liability company registered on 20 October 2009 in the Emirate of Abu Dhabi, under professional license no. CN-1171701, in accordance with the provisions of U.A.E. Commercial Companies Law No. 2 of 2015.

b) The company is registered and engaged to provide information technology consultancy and onshore and offshore oil and gas fields and facilities services to its customers and related parties.

### 2 Basis of preparation

#### 2.1 *Going concern*

These financial statements have been prepared on a going concern basis, which assumes that the Company will continue to operate as a going concern for the foreseeable future. The statement of financial position shows that the accumulated losses as at 31 March 2024 amounted to AED 19,960,724/- (previous year AED 13,681,533/-) and there was a deficit of AED 19,405,061/- (previous year AED 13,447,114/-) in the total equity. The shareholder has agreed to continue with the operations of the Company and will provide financial support enabling the Company to meet its liabilities as and when they fall due.

#### 2.2 **Statement of compliance**

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 January 2023 and the applicable requirements of the Company Commercial Law number 2 of 2015.

#### 2.3 **Basis of measurement**

The financial statements have been prepared on the historical cost basis, except for certain financial assets and financial liabilities which are being measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

#### 2.4 **Functional and presentation currency**

These financial statements are presented in U.A.E. Dirhams, which is the company's functional and presentation currency.

### 3 Use of estimates and judgments

The preparation of the 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

## EVOLUTIONARY SYSTEMS CONSULTANCY LLC

### Notes to the Financial Statements

For the year ended 31 March 2024

## 3 Use of estimates and judgments

### 3.1 Critical judgements in applying accounting policies

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

#### *Impairment*

At each reporting date, management conducts an assessment of fixed assets and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty and assumptions at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### *Residual values of fixed assets*

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

#### *Estimated useful life of fixed assets*

Management determines the estimated useful lives and depreciation charge for its fixed assets at the time of addition of the assets and is reviewed on annual basis.

#### *Provision for expected credit losses of trade receivables and contract assets*

The loss allowances for financial assets are based on assumptions about the risk of default and expected loss rates. The management uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

#### *Staff end-of-service gratuity*

The company computes the provision for the liability to staff end-of-service gratuity assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

#### *Unbilled revenue*

Where the outcome of a contract can be estimated reliably, contract revenue and costs are recognized by reference to the stage of completion. The management makes estimates of the cost incurred, to the extent of the revenue recognized and makes provision for unbilled revenue or excess billings on the basis of actual revenue recognized on those contracts. Since the percentage of completion method uses current estimates of contract revenue and expenses, it is normal to encounter changes in estimates of contract revenue and costs.

## EVOLUTIONARY SYSTEMS CONSULTANCY LLC

### Notes to the Financial Statements

For the year ended 31 March 2024

### 3 Use of estimates and judgments

#### 3.2 Key sources of estimation uncertainty (continued)

##### *Revenue recognition*

Recognised revenue and margin are based on estimates of total expected contract revenue and cost, which are subject to revisions as the contract progresses. Total expected revenue and cost on a contract reflect management's current best estimate of the probable future benefits and obligations associated with the contract.

Although the company makes individual assessments on contract on a regular basis, there is a risk that actual costs related to those obligations may exceed initial estimates. Estimates of contract costs and revenues at completion in case of contracts in progress and estimates of provisions in case of completed contracts may then have to be re-assessed.

### 4 Application of new and revised International Financial Reporting Standards (IFRSs)

#### 4.1 New and revised International Financial Reporting Standards

The following International Financial Reporting Standards (IFRSs), amendments and interpretations issued by IASB that became effective for the current reporting period:

- IFRS17 - Insurance Contracts
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies
- Amendments to IAS 8 - Definition of accounting estimates
- Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to IAS 12-International Tax Reform-Pillar Two Model Rules

During the current year, the management has adopted the above amendments to the extent applicable to them from their effective dates. These amendments have no significant impact on the amounts reported in these financial statements. Their adoption has resulted in presentation and disclosure changes only.

#### 4.2 International Financial Reporting Standards issued but not effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current - The effective date of the amendments is set for annual periods beginning on or after 1 January 2024.

Amendments to IAS 7 -Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. Supplier Finance Arrangements- The effective date of the amendments is set for annual periods beginning on or after 1 January 2024.

Amendments to IAS 1 - Non-current liabilities with Covenants - The effective date of the amendments is set for annual periods beginning on or after 1 January 2024.

Amendments to IFRS 16 - Liability in a sale and leaseback - The effective date of the amendments is set for annual periods beginning on or after 1 January 2024.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates- Lack of Exchangeability.

# EVOLUTIONARY SYSTEMS CONSULTANCY LLC

## Notes to the Financial Statements

*For the year ended 31 March 2024*

### 5 Significant accounting policies

#### 5.1 Depreciation of fixed assets

The cost of fixed assets is depreciated by equal annual installments over their estimated useful life of 3 years.

Minor purchases of fixed assets are depreciated fully in the year of purchase.

#### 5.2 Financial instruments

##### Recognition and Initial measurement

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable in relation to financial assets and financial liabilities, other than those carried at fair value through profit or loss (FVTPL), are added to the fair value on initial recognition.

##### Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified as follows:

##### Financial assets at amortised cost (debt instruments)

The Company's financial assets at amortised cost include accounts receivables, other current financial assets and cash and cash equivalents. Due to the short term nature of current receivables, their carrying amounts are considered to be the same as their fair values.

##### Classification and subsequent measurement of financial liabilities

The company's financial liabilities include accounts and other payables. The carrying amounts of financial liabilities are considered as to be the same as their fair values, due to their short term nature.

##### Derecognition of financial assets and financial liabilities

Financial assets are de-recognised when, and only when,

- The contractual rights to receive cash flows expire or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - a) the Company has transferred substantially all the risks and rewards of the asset, or
  - b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

##### Offsetting of financial assets and liabilities

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

**EVOLUTIONARY SYSTEMS CONSULTANCY LLC****Notes to the Financial Statements***For the year ended 31 March 2024***5 Significant accounting policies (continued)****5.2 Financial instruments (continued)****Impairment of financial assets**

The Company recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses 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.

For trade receivables and contract assets, the Company applies a simplified approach in calculating expected credit losses. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses 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.

**Contract balances****Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

**Accounts receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due)

**Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

**5.3 Unbilled revenue**

Unbilled revenue is booked to match costs incurred during the year on the projects, where milestone billings are not achieved. When costs are incurred but invoices cannot be raised till the next billing cycle of that project, proportionate income, based on percentage of completed milestone, is booked as the revenue for the year and taken to the income statement with the corresponding receivable being shown as unbilled revenue.

**5.4 Staff end of service benefits**

Provision is made for end-of-service gratuity payable to the staff, subject to the completion of a minimum service period, at the reporting date in accordance with the local labour laws.

**5.5 Provisions**

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

# EVOLUTIONARY SYSTEMS CONSULTANCY LLC

## Notes to the Financial Statements

*For the year ended 31 March 2024*

### 5 Significant accounting policies (continued)

#### 5.5 Provisions (continued)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

#### 5.6 Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### Current income tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

##### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

##### Value Added Tax

The revenue, expenses and assets are recognized net of value-added tax (VAT). In case Input VAT paid to the supplier of asset or expense is not recoverable from the Federal Tax Authority, it is disclosed as part of asset acquired or expense incurred.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from or VAT payable to, Federal Tax Authority is disclosed as other payable or other receivable under current liabilities or current assets in the statement of financial position.

## EVOLUTIONARY SYSTEMS CONSULTANCY LLC

### Notes to the Financial Statements

*For the year ended 31 March 2024*

#### 5 Significant accounting policies (continued)

##### 5.7 Short-term lease

The Company applies the short-term lease recognition exemption to its short-term leases of office premise (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). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

##### 5.8 Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

##### 5.9 Revenue recognition

The company is in the business of providing information technology consultancy and onshore and offshore oil and gas fields and facilities services.

Revenue is recognized upon transfer of control of the promised goods or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Performance obligations are satisfied and revenue is recognized, either overtime or at a point in time.

Unbilled revenue on customer contracts, contract assets under IFRS 15, Revenue from Contracts with Customers, relates to conditional rights to consideration for satisfied performance obligations of contracts with customers. Trade receivables are recognized when the right to consideration becomes unconditional. Deferred revenue, contract liabilities under IFRS 15, relate to payments received in advance of performance under contracts with customers. Contract liabilities are recognized as revenue as (or when) the Company satisfies its performance obligations under the contracts.

##### Services

The Company recognizes revenue from services on a percentage of completion method.

Performance obligations for services on a percentage of cost completion basis are typically satisfied over time as services are rendered. In contracts where the Company is not entitled to payment until the performance obligations are satisfied, revenue is recognized at the time the services are delivered. At contract inception, the Company expects that the period between when the Company transfers control of a promised service to a customer and when the customer pays for that service will be one year or less. As a practical expedient, the consideration is not adjusted for the effects of a significant financing component.

Revenue is recognized based on the extent of progress towards completion of the performance obligation, on a project-by-project basis. The method used to measure progress depends on the nature of the services. Revenue is recognized on the basis of time and cost incurred to date relative to the total budgeted inputs. The output method on the basis of milestones is used when the contractual terms align the Company's performance with measurements of value to the customer. Revenue is recognized for services performed to date based on contracted rates and/or milestones that correspond to the amount the Company is entitled to invoice.

## EVOLUTIONARY SYSTEMS CONSULTANCY LLC

## Notes to the Financial Statements

For the year ended 31 March 2024

**5 Significant accounting policies (continued)****5.9 Revenue recognition (continued)**

Estimates of Revenue, Cost or extent of progress toward completion are revised if circumstance changes. Any resulting increases or decreases in estimated revenue and costs are reflected in profit and loss in the period in which the circumstances that give rise to the revision become known by management.

The amount of revenue is shown as net of discounts and other similar obligations as per the performance obligations determined as per the provisions of the contracts with customers.

**5.10 Foreign currency transactions**

Transactions in foreign currencies are converted into U.A.E. Dirhams at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into U.A.E. Dirhams at the rate of exchange ruling at the reporting date. Resulting gain or loss is taken to the Statement of comprehensive income.

**5.11 Cash and cash equivalents**

Cash and cash equivalents for the purpose of the cash flow statement comprise of cash and cheques on hand, bank balance in current accounts, deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

**6 Fixed assets**

	<i>Computers</i>
	<u><i>AED</i></u>
<i>Cost</i>	
At 1 April 2022	31,758
Additions	5,794
At 31 March 2023	<u>37,552</u>
At 31 March 2024	<u>37,552</u>
<i>Accumulated depreciation</i>	
At 1 April 2022	9,335
Depreciation expense	8,791
At 31 March 2023	<u>18,126</u>
Depreciation expense	15,525
At 31 March 2024	<u>33,651</u>
<i>Carrying amount</i>	
At 31 March 2023	<u>19,426</u>
At 31 March 2024	<u><u>3,901</u></u>

## EVOLUTIONARY SYSTEMS CONSULTANCY LLC

### Notes to the Financial Statements

For the year ended 31 March 2024

#### 7 Accounts and other receivables

	<i>2024</i> <u>AED</u>	<i>2023</i> <u>AED</u>
Trade receivables	1,302,102	2,917,318
Provision for doubtful debts	(87,461)	(945,400)
Contract assets	1,841,302	2,469,416
Provision for doubtful debts	(307,380)	-
Advance to suppliers	8,769	188,672
Deposits	33,037	33,037
Staff advances	40,828	-
Due from shareholders (refer note 15)	150,000	150,000
Prepayments	652,641	719,795
	<u>3,633,838</u>	<u>5,532,838</u>

#### 8 Cash and cash equivalents

	<i>2024</i> <u>AED</u>	<i>2023</i> <u>AED</u>
Cash on hand	13,806	8,849
Bank balances in current accounts	188,713	977,823
Bank balances in a margin account (refer note 18)	275,250	275,250
	<u>477,769</u>	<u>1,261,922</u>

#### 9 Share capital

	<i>2024</i> <u>AED</u>	<i>2023</i> <u>AED</u>
Authorised, issued and paid up share capital: 100 shares of AED 1,500/- each	<u>150,000</u>	<u>150,000</u>

#### 10 Statutory reserve

As required by Article 103 of the U.A.E. Commercial Companies Law No. 2 of 2015, statutory reserve is to be created by allocating 10% of the net profit. The company can discontinue such transfers when this reserve totals 50% of the paid up share capital. The reserve is not available for distribution except as provided for in the Federal Law.

## EVOLUTIONARY SYSTEMS CONSULTANCY LLC

## Notes to the Financial Statements

For the year ended 31 March 2024

**11 Accounts and other payables**

	<u>2024</u> <u>AED</u>	<u>2023</u> <u>AED</u>
Trade payables	102,941	749,252
Accrued expenses	1,952,460	961,310
Contract liabilities : deferred revenue	194,009	24,799
	<u>2,249,410</u>	<u>1,735,361</u>

**12 Cost of revenue**

	<u>2024</u> <u>AED</u>	<u>2023</u> <u>AED</u>
Salaries and benefits	15,918,618	17,611,632
Professional services (refer note a below and 15)	6,640,610	9,181,095
	<u>22,559,228</u>	<u>26,792,727</u>

*a Includes AED 3,166,530/- (previous year AED 5,066,353/-) taken from Evolutionary Systems Egypt Ltd., AED 1,931,513/- (previous year AED 2,138,223/-) taken from Mastek Enterprise Solutions Private Ltd, India, AED 310,032/- (previous year AED 265,959/-) taken from Mastek Ltd, India and AED 911,554/- (previous year AED 1,307,591/-) taken from Mastek Arabia FZ LLC towards professional services taken for onshore and offshore support services.*

**13 Expenses**

	<u>2024</u> <u>AED</u>	<u>2023</u> <u>AED</u>
Staff benefits and related costs	1,073,629	1,199,621
Rent expenses	21,000	28,250
Accommodation expense	1,647,492	829,637
Rates and taxes	-	233,853
Withholding tax	579,510	491,365
Travel expense	844,775	484,727
Professional fees	212,662	295,250
Postage and communication	73,510	87,869
Bank charges	19,670	17,909
Sponsorship expenses	150,000	140,000
Other administrative expenses	58,075	305,635
Provision for doubtful debts and bad debts written off	627,331	-
Depreciation	15,525	8,791
	<u>5,323,179</u>	<u>4,122,907</u>

## EVOLUTIONARY SYSTEMS CONSULTANCY LLC

## Notes to the Financial Statements

For the year ended 31 March 2024

## 14 Cash and cash equivalent for cash flow purpose

	<u>2024</u> <u>AED</u>	<u>2023</u> <u>AED</u>
Cash on hand	13,806	8,849
Bank balances in current accounts	188,713	977,823
	<u>202,519</u>	<u>986,672</u>

## 15 Related party transactions

For the purpose of this financial statements, parties are considered to be related to the company, if the company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making party financial and operating decisions, or vice versa, or where the company and the party are subject to common control and includes where the company has significant influence but not control, and generally does not have any controlling shareholding on the entity whose accounts are presented. Related party may be individuals or other entities.

Name of the related party	Nature of relationship
Mastek Enterprise Solutions Private Limited, India	Entity under common control
Mastek Arabia Systems Egypt LLC, Egypt	Entity under common control
Evolutionary Systems Corp., USA	Entity under common control
Mastek Systems Pty Ltd, Australia	Entity under common control
Mastek Systems (Singapore) PTE. LTD.	Entity under common control
Mastek Systems Bahrain WLL	Entity under common control
Mastek Systems Company Limited, UK	Entity under common control
Evolutionary Systems Saudi LLC	Entity under common control
Evosys Kuwait WLL	Entity under common control
Evolutionary Systems Qatar WLL	Entity under common control
Mr. Abdulla Mubarak Abdulla Yousof Al Khameiri	Shareholders
Mastek Arabia FZ LLC	Shareholders
Mr. Puranjay Sodani (General Manager)	Key management personnel
Mastek UK Ltd, UK	Holding Company
Mastek LTD, India	Ultimate Holding Company

## a) Transactions

During the year, the Company entered into the following transactions with the related parties:

	<u>2024</u> <u>AED</u>	<u>2023</u> <u>AED</u>
Professional services (cost of revenue)	6,319,629	8,778,126
Professional services (revenue)	<u>14,106,281</u>	<u>14,060,307</u>

## EVOLUTIONARY SYSTEMS CONSULTANCY LLC

### Notes to the Financial Statements

For the year ended 31 March 2024

#### b) Balances

As of the reporting date, balance with related party, was as follows:

	<u>2024</u> <u>AED</u>	<u>2023</u> <u>AED</u>
<b>Included in current assets:</b>		
Under account and other receivables (due from shareholders)	150,000	150,000
Due from the related parties (on trade account)	1,896,124	1,657,458
<b>Included in current liabilities:</b>		
Due to the related parties (on trade account)	21,941,898	18,786,989

## 16 Financial instruments: Credit, Market risk and Liquidity risk exposures

The Company has exposure to the following risks from use of its financial instruments.

#### a) Credit risk

Financial assets, which potentially expose the company to concentrations of credit risk, comprise principally of bank balance and accounts and other receivables.

##### *Trade and other receivables*

As at 31 March 2024, the significant concentration of credit risk from accounts receivables situated within U.A.E. amounted to AED 500,690/- due from two customers (previous year AED 839,160/- due from a customer) and situated outside U.A.E. amounted to AED 416,502/- due from a customer (previous year AED 1,156,301/- due from two customers).

There is no significant concentration of credit risk from accounts receivables situated outside U.A.E. and outside the industry in which the company operates.

##### *Bank balances*

The company's bank balance in a current and margin deposit account is placed with a high credit quality financial institution.

#### b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as exchange rate risk, interest rate risk or other price risk, which will affect the company's income or the value of its holding of financial instruments.

##### *Interest rate risk*

In absence of any bank borrowings, interest rate is minimum.

##### *Exchange rate risk*

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in U.A.E. Dirhams or US Dollars to which the U.A.E. Dirhams is fixed.

## EVOLUTIONARY SYSTEMS CONSULTANCY LLC

### Notes to the Financial Statements

For the year ended 31 March 2024

#### 16 Financial instruments: Credit, Market risk and Liquidity risk exposures (continued)

##### c) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet financial obligations as they fall due. The liquidity requirements are monitored on a regular basis by the directors and the management who ensure that sufficient funds are made available to the company to meet any future commitments.

#### 17 Financial instruments: Fair value

Financial instruments comprise of financial assets and financial liabilities. The fair value of the companies' financial assets comprising of accounts and other receivables, prepayments and bank balance and financial liabilities comprising of accounts and other payables that approximate to their carrying values.

#### 18 Contingent liabilities

	<u>2024</u> <u>AED</u>	<u>2023</u> <u>AED</u>
Banker's letter of guarantee (refer note 8)	<u>275,250</u>	<u>275,250</u>

#### 19 Taxation

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses ("Corporate Tax Law" or "the Law") to enact a Federal Corporate Tax ("CT") regime in the UAE. The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% CT rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 – Income Taxes. A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding AED 375,000, and a rate of 0% will apply on qualifying income of qualifying free zone entities.

The Company is subject to the provisions of the UAE Corporate Tax Law with effect from 1 April 2024. However, the company have received corporate tax registration certificate with first tax period commencing from 1 January 2024 to 31 December 2024.

The management is in process of necessary rectification/amendments.

The Company has not been recognized the deferred tax assets as at March 31, 2024. The management of the Company is uncertain regarding its recoverability.

#### 20 Comparative figures

Previous year's figures have been regrouped / reclassified wherever necessary to conform to the presentation adopted in the current year.