

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of **EVOLUTIONARY SYSTEMS CORP.**  
Report on the Audit of Consolidated Financial Statements

**Opinion**

We have audited the consolidated financial statements of **EVOLUTIONARY SYSTEMS CORP.** (Holding Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2024, and the consolidated statement of profit and loss and other comprehensive income, consolidated changes in stockholder's equity and the consolidated cash flow statement for the year then ended, and the related notes to the consolidated financial statements including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the consolidated financial position of the Group as at March 31, 2024, and the results of its consolidated operation and its consolidated cash flow for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS)

**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 ethical requirements that are relevant to our audit of the consolidated financial statements, which includes the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS and for the design, implementation and maintenance of internal control to the preparation and presentation 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 required to evaluate whether there are conditions and events, considered in aggregate, that raise substantial doubt about the Group's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued, or available to be issued; to disclose, as applicable, matters relating to going concern and to use 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.

The Board of Directors 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 these 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 21, 2025

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

### 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, but not for the purpose of expressing an opinion on the effectiveness of the Holding Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- 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 Group 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 Group to cease to continue as a going concern.
- 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 group audit of the Holding Company. We remain solely responsible for our audit opinion.

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

For BDO India LLP

BDO India LLP

Place: Mumbai

Date: February 21, 2025



**EVOLUTIONARY SYSTEMS CORP.****Consolidated Statement of financial position as at March 31, 2024****(in USD)**

	Note	As at	
		March 31, 2024	March 31, 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	3(a)	13,054	30,521
Deferred tax assets, net	20	708,912	1,192,339
Income tax (Current-tax) assets		583,136	707,711
Other non-current assets	4	4,563	4,563
<b>Total non-current assets</b>		<b>1,309,665</b>	<b>1,935,134</b>
<b>Current assets</b>			
Trade and other receivables, net	5	13,439,521	10,841,264
Cash and cash equivalents	6	1,191,071	1,486,457
Bank balances, other than cash & cash equivalents		10,027	10,027
Other current assets	7	17,280	100,425
<b>Total current assets</b>		<b>14,657,899</b>	<b>12,438,173</b>
<b>Total assets</b>		<b>15,967,564</b>	<b>14,373,307</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	8	-	-
Other equity	9	3,569,725	2,088,067
<b>Total equity</b>		<b>3,569,725</b>	<b>2,088,067</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	10	3,463,693	4,077,916
Trade payables	11	6,289,642	5,769,692
Other current liabilities	12	2,644,504	2,437,632
<b>Total current liabilities</b>		<b>12,397,839</b>	<b>12,285,240</b>
<b>Total equity and liabilities</b>		<b>15,967,564</b>	<b>14,373,307</b>

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

**EVOLUTIONARY SYSTEMS CORP.****Consolidated statement of profit and loss and other Comprehensive income for the year ended March 31, 2024****(in USD)**

	Note	For the year ended	
		March 31, 2024	March 31, 2023
Revenue	13	25,756,689	24,318,774
Employee benefits expenses	15	(9,112,201)	(8,651,794)
Depreciation expenses	16	(17,467)	(19,239)
Other expenses	17	(15,677,939)	(18,943,087)
<b>Operating profit</b>		<b>949,082</b>	<b>(3,295,346)</b>
Other income	14	1,231,802	4,901
Finance costs	18	(85,777)	(75,305)
<b>Profit before tax</b>		<b>2,095,107</b>	<b>(3,365,750)</b>
<b>Tax (expense) / credit</b>			
Current tax	20	(124,575)	(13,087)
Deferred tax	20	(483,427)	825,140
Tax related to earlier years		(6,363)	324,025
<b>Total tax expense</b>		<b>(614,365)</b>	<b>1,136,078</b>
<b>Profit / (Loss) for the Financial Year</b>		<b>1,480,742</b>	<b>(2,229,672)</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>			
Profit/(loss) on foreign currency translation		916	(28,633)
<b>Total other comprehensive income / (loss)</b>		<b>916</b>	<b>(28,633)</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>1,481,658</b>	<b>(2,258,305)</b>
<b>Earnings per equity share (in USD)</b>			
Basic and Diluted (at no par value)	19	5.38	(8.11)

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

**EVOLUTIONARY SYSTEMS CORP.****Consolidated Statement of Cash flows for the year ended March 31, 2024**

(in USD)

	For the year ended	
	March 31, 2024	March 31, 2023
<b>Cash flows from operating activities</b>		
Profit before tax	<b>2,095,107</b>	<b>(3,365,750)</b>
Adjustment :		
Depreciation	17,467	19,239
Interest on loan	85,777	75,305
Provison for doubtful receivables	(1,220,954)	1,869,244
<b>Changes in operating assets and liabilities</b>	<b>977,397</b>	<b>(1,401,963)</b>
(Increase) in trade receivables	(1,377,304)	(2,215,808)
(Increase)/ decrease in other current assets	88,452	(1,197,102)
Increase in trade payables	519,950	205,199
Increase/ (decrease) in other current liabilities	206,872	(188,263)
<b>Cash generated from / used in operating activities before taxes</b>	<b>415,367</b>	<b>(4,797,937)</b>
Income taxes paid, net	(11,669)	(286,052)
<b>Net cash generated from / used in operating activities</b>	<b>403,698</b>	<b>(5,083,989)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-	(21,720)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(21,720)</b>
<b>Cash flows from financing activities</b>		
Proceeds from/(repayments of) borrowings	(614,223)	4,077,916
Interest paid on loan	(85,777)	(75,305)
<b>Net cash used in / generated from financing activities</b>	<b>(700,000)</b>	<b>4,002,611</b>
Net increase in cash and cash equivalents	(296,302)	(1,103,099)
Cash and cash equivalents at the beginning of the year	1,486,457	2,618,188
Effect of exchange rate changes on cash	916	(28,633)
<b>Cash and cash equivalents at the end of the year</b>	<b>1,191,071</b>	<b>1,486,457</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.

**EVOLUTIONARY SYSTEMS CORP.****Consolidated Statement of changes in equity for the year ended March 31, 2024****(in USD)**

Particulars	Share capital	Share premium	Other equity		Total other equity
			Retained earnings	Foreign currency translation reserve	
<b>Balance as at April 01, 2023</b>	-	2,750	2,115,190	(29,873)	2,088,067
Profit for the year		-	1,480,742	-	1,480,742
Change during the year		-	-	916	916
<b>Balance as at March 31, 2024</b>		<b>2,750</b>	<b>3,595,932</b>	<b>(28,957)</b>	<b>3,569,725</b>
<b>Balance as at April 01, 2022</b>	-	2,750	4,344,862	(1,240)	4,346,372
Profit for the year		-	(2,229,672)	-	(2,229,672)
Change during the year		-	-	(28,633)	(28,633)
<b>Balance as at March 31, 2023</b>	-	<b>2,750</b>	<b>2,115,190</b>	<b>(29,873)</b>	<b>2,088,067</b>

**EVOLUTIONARY SYSTEMS CORP.****Notes to the Consolidated Financial Statements for year ended March 31, 2024****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, 2024	% of voting power held as at March 31, 2023
Mastek Enterprise Solutions Private Limited (formerly known as Trans American Information Systems Private Limited)	India	100%	100%

**The details of subsidiaries considered in these consolidated financial statements are:**

Name of the Company	Country of Incorporation	% of voting power held as at March 31, 2024	% of voting power held as at March 31, 2023
Newbury Cloud Inc. (formerly known as Newbury Taleo Group, Inc.)	USA	100%	100%
Evolutionary Systems Canada Limited	Canada	100%	100%

**2 Basis of preparation****a. Statement of Compliance**

These Consolidated Financial Statements (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, 2024 with comparative statement of financial position as on March 31, 2023; 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, 2024 with comparatives for the year ended March 31, 2023.

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 \$).

**b. Basis of preparation**

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

**EVOLUTIONARY SYSTEMS CORP.****Notes to the Consolidated Financial Statements for year ended March 31, 2024**

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**c. 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. Refer accounting policy e(xi)-Income taxes

iii) *Property, plant and equipment*: Property, plant and equipment represent 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 technology. Refer accounting policy e(vi)-Property, plant and equipment

iv) *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.

v) *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.

vi) *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.

**d. 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.

**EVOLUTIONARY SYSTEMS CORP.****Notes to the Consolidated Financial Statements for year ended March 31, 2024**

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**e. Summary of material 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.

**iii) Foreign operations**

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. USD 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.

**(iv) 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.

**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 Assets at Fair Value Through Other Comprehensive Income (FVOCI)**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. In the periods presented in the Consolidated Financial Statements, there are no financial assets categorised at FVOCI.

**c. Financial Assets at Fair Value Through Profit or Loss (FVTPL)**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

**d. 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.

**EVOLUTIONARY SYSTEMS CORP.****Notes to the Consolidated Financial Statements for year ended March 31, 2024****(v) 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.

**(vi) 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.

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	2 years
Furniture and fixtures	5 years

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.

**(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.

**EVOLUTIONARY SYSTEMS CORP.****Notes to the Consolidated Financial Statements for year ended March 31, 2024**

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**(viii) Retirement and other employee benefits****1. Defined Contribution plans**

Retirement benefit in the form 401(k) for employees working in US is a defined contribution scheme. The group has no obligation, other than the contribution payable to the provident fund and 401(k). The group recognizes contribution payable to the provident fund and 401(k) scheme as an expense, when an employee renders the related service.

**2. Compensated absences**

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.

**Multiple element arrangements-**

In contracts with multiple performance obligations, Group accounts for individual performance obligations separately if they are distinct by allocating the transaction price to each performance obligation based on its relative standalone selling price out of total consideration of the contract. Standalone selling price is determined utilizing observable prices to the extent available. If the standalone selling price for a performance obligation is not directly observable, Group uses expected cost plus margin approach.

**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.

**EVOLUTIONARY SYSTEMS CORP.**

**Notes to the Consolidated Financial Statements for year ended March 31, 2024**

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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, gain or losses arising on re-measurement of financial assets at FVTPL, gains/ (losses) on translation or settlement of foreign currency borrowings and changes in fair value and gains/(losses) on settlement of related derivative instruments. 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 equity shares.

**(xiv) Cash and cash equivalents**

Cash and cash equivalents include cash in hand and balance with current bank accounts and deposits maturing within 90 days.

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

Some accounting pronouncements which have been issued but not yet effective do not have any significant impact on the Group's financial position.

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**EVOLUTIONARY SYSTEMS CORP.**

**Notes to the Consolidated Financial Statements for year ended March 31, 2024**

**3(a) Property, plant and equipment**

(in USD)

Particulars	Gross value (at cost)				Depreciation				Net value	
	As at April 1, 2023	Additions	Disposals	As at March 31, 2024	As at April 1, 2023	For the year	Disposals	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Computers	84,780	-	-	84,780	54,707	17,210	-	71,917	12,863	30,073
Furniture and fixtures	1,048	-	-	1,048	600	257	-	857	191	448
<b>Total</b>	<b>85,828</b>	<b>-</b>	<b>-</b>	<b>85,828</b>	<b>55,307</b>	<b>17,467</b>	<b>-</b>	<b>72,774</b>	<b>13,054</b>	<b>30,521</b>

**For the previous year ended March 31, 2023**

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>

EVOLUTIONARY SYSTEMS CORP.

Notes to the Consolidated Financial Statements for year ended March 31, 2024

(in USD)

4 Other non-current assets	As at	
	March 31, 2024	March 31, 2023
Security deposits	4,563	4,563
	<b>4,563</b>	<b>4,563</b>

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

5 Trade and other receivables, net

Trade receivables	As at	
	March 31, 2024	March 31, 2023
Trade receivables, gross from related party (refer note 21(iii))	6,899,420	873,376
Trade receivables, gross from others	4,682,416	6,573,351
Less: Allowance for expected credit losses	(696,739)	(1,938,744)
	<b>10,885,097</b>	<b>5,507,983</b>

Contract Assets	As at	
	March 31, 2024	March 31, 2023
Contract asset [refer note 2(e)(x)]	2,575,475	5,333,281
Less: Allowance for expected credit losses	(21,051)	-
	<b>2,554,424</b>	<b>5,333,281</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.

6 Cash and cash equivalents	As at	
	March 31, 2024	March 31, 2023
Bank balances - in current bank accounts	1,191,071	1,486,457
	<b>1,191,071</b>	<b>1,486,457</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.

7 Other current assets	As at	
	March 31, 2024	March 31, 2023
Prepaid expenses	-	7,080
Advance to supplier	17,280	93,345
	<b>17,280</b>	<b>100,425</b>

Note:

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

## EVOLUTIONARY SYSTEMS CORP.

## Notes to the Consolidated Financial Statements for year ended March 31, 2024

(in USD)

	As at	
	March 31, 2024	March 31, 2023
<b>8 Equity share capital</b>		
Authorised:		
275,000 (March 31, 2023: 275,000 shares of no par value) equity shares of no par value	-	-
Issued, subscribed and fully paid up :		
275,000 (March 31, 2023: 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, 2024		March 31, 2023	
	No. of shares	Amount in USD	No. of shares	Amount in USD
Balance as at beginning of the year	275,000	-	275,000	-
Add : Shares issued during the year	-	-	-	-
<b>Balance as at the end of the year</b>	<b>275,000</b>	<b>-</b>	<b>275,000</b>	<b>-</b>

**(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

Name of the shareholder	As at			
	March 31, 2024		March 31, 2023	
	No. of shares	% of holding	No. of shares	% of holding
Mastek Enterprise Solutions Private Limited (formerly known as Trans American Information Systems Private Limited)	275,000	100%	275,000	100%

9 Other equity	As at	
	March 31, 2024	March 31, 2023
Share premium	2,750	2,750
<b>Retained earnings</b> (All net gains and losses and transactions with owners including prior year's undistributed earning after taxes)	3,595,932	2,115,190
<b>Foreign currency translation reserve</b>	(28,957)	(29,873)
	<b>3,569,725</b>	<b>2,088,067</b>

10 Borrowings	As at	
	March 31, 2024	March 31, 2023
<b>Unsecured</b>		
Loan from related party, repayable on demand	3,463,693	4,077,916
	<b>3,463,693</b>	<b>4,077,916</b>

Notes:

- Loan taken from Mastek Systems Company Limited carrying interest in the range of 2.44% to to 2.69% (1.5% above the SONIA Rate), repayable at demand. Refer note 21
- Loan from related party includes interest amounting to USD 85,777 as on 31 March, 2024 (USD 75,305 as on 31 March, 2023)

11 Trade payables	As at	
	March 31, 2024	March 31, 2023
Trade payables	6,289,642	5,769,692
	<b>6,289,642</b>	<b>5,769,692</b>

Notes

- All amounts are short-term. The carrying values of trade payables are considered to be a reasonable approximation of fair value.
- Out of total trade payables, USD 6,222,370 (March 31, 2023: USD 5,474,327) pertains to amount payable to related party. Refer note 21(iii).
- Refer note 24 for information on liquidity risk.

12 Other current liabilities	As at	
	March 31, 2024	March 31, 2023
Employee benefits payable	1,059,375	769,088
Contract liabilities [refer note 2(e)(x)]	907,838	1,497,145
Other payables	677,291	171,399
	<b>2,644,504</b>	<b>2,437,632</b>

Notes

- Refer note 24 for information on liquidity risk
- The amounts recognised as a contract liability will generally be utilised within the next annual reporting period.

EVOLUTIONARY SYSTEMS CORP.

Notes to the Consolidated Financial Statements for year ended March 31, 2024

(in USD)

**13 Revenue**

Sale of services  
Information technology services  
Other operating revenue

For the year ended	
March 31, 2024	March 31, 2023
25,444,175	24,027,128
312,514	291,646
<b>25,756,689</b>	<b>24,318,774</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**

North America  
Europe

For the year ended	
March 31, 2024	March 31, 2023
25,723,189	24,318,774
33,500	-
<b>25,756,689</b>	<b>24,318,774</b>

**Revenue by service line**

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

For the year ended	
March 31, 2024	March 31, 2023
24,920,800	20,144,772
645,507	3,748,532
190,382	425,470
<b>25,756,689</b>	<b>24,318,774</b>

**Timing of revenue recognition**

Transferred at a point in time  
Transferred over time (refer note (ii))

For the year ended	
March 31, 2024	March 31, 2023
6,252,635	22,486,788
19,191,540	1,540,340
<b>25,444,175</b>	<b>24,027,128</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 of USD 312,514 in March 31, 2024 (March 31, 2023 USD 291,646).

**Remaining performance obligation**

As of March 31, 2024, the aggregate amount of transaction price allocated to remaining performance obligations, was USD 46,153,881 of which approximately 92% is expected to be recognized as revenues within 3 years. (March 31, 2023 USD 23,329,878)

**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

Balances written off

Increase due to revenue recognised during the year, excluding amounts billed during the year

**Balance at the end of the year**

For the year ended	
March 31, 2024	March 31, 2023
5,333,281	4,302,239
(4,874,630)	(3,540,931)
(300,000)	-
2,395,773	4,571,973
<b>2,554,424</b>	<b>5,333,281</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**

For the year ended	
March 31, 2024	March 31, 2023
1,497,145	811,892
(1,341,181)	(611,861)
751,874	1,297,114
<b>907,838</b>	<b>1,497,145</b>

**14 Other income**

Reversal of excess provision for doubtful receivables  
Net gain on foreign currency transactions and translation  
Other non-operating income

For the year ended	
March 31, 2024	March 31, 2023
1,220,954	-
10,360	-
488	4,901
<b>1,231,802</b>	<b>4,901</b>

**EVOLUTIONARY SYSTEMS CORP.**

**Notes to the Consolidated Financial Statements for year ended March 31, 2024**

	For the year ended	
	March 31, 2024	March 31, 2023
<b>15 Employee benefits expenses</b>		
Salaries, wages & performance incentives	8,705,473	8,266,481
Staff welfare expenses	406,728	385,313
	<b>9,112,201</b>	<b>8,651,794</b>

	For the year ended	
	March 31, 2024	March 31, 2023
<b>16 Depreciation expenses</b>		
Property, plant and equipment (refer note 3(a))	17,467	19,239
	<b>17,467</b>	<b>19,239</b>

	For the year ended	
	March 31, 2024	March 31, 2023
<b>17 Other expenses</b>		
Recruitment and training expenses	-	80,000
Travelling and conveyance expenses	568,976	553,866
Communication charges	12,955	22,979
Consultancy and sub-contracting charges (refer note 21)	13,919,359	15,346,138
Software development cost	27,360	41,194
Rates and taxes	39,382	10,492
Repairs		
Buildings	1,191	17,418
Others	46,577	8,757
Insurance charges	57,109	58,189
Professional fees	98,289	101,193
Rent	111,385	111,211
Advertisement and publicity	82,215	152,894
Provision for doubtful trade receivables	-	1,691,444
Contract Balances and trade receivables written off	546,087	177,800
Net loss on foreign currency transactions and translation	-	32,411
Bank charges	8,770	10,748
Reimbursement to group companies (refer note 21)	107,722	457,448
Miscellaneous expenses	50,562	68,905
	<b>15,677,939</b>	<b>18,943,087</b>

	For the year ended	
	March 31, 2024	March 31, 2023
<b>18 Finance costs</b>		
Interest on borrowings (refer note 21)	85,777	75,305
	<b>85,777</b>	<b>75,305</b>

	For the year ended	
	March 31, 2024	March 31, 2023
<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	1,480,742	(2,229,672)
(b) Weighted average number of outstanding equity shares considered for basic and diluted EPS (Refer note 8)	275,000	275,000
<b>(c) Basic and diluted EPS</b>	<b>5.38</b>	<b>(8.11)</b>

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**EVOLUTIONARY SYSTEMS CORP.**  
Notes to the Consolidated Financial Statements for year ended March 31, 2024

(in USD)

**20 Income taxes**

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

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Current tax expense/(credit)	124,575	13,087
Deferred tax	483,427	(825,140)
Tax related to earlier years	6,363	(324,025)
<b>Total tax expense/(credit) recognised in the consolidated statement of profit or loss</b>	<b>614,365</b>	<b>(1,136,078)</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, 2024	March 31, 2023
Profit before tax	2,095,107	(3,365,750)
Enacted income tax rate in US	21%	21%
<b>Computed expected tax expense</b>	<b>439,973</b>	<b>(706,808)</b>
<b>Effect of:</b>		
Differential tax payable in Canada on account of differential income tax rate	(2,219)	2,716
Expenses that are not deductible in determining taxable profit	14,274	-
Prior period tax	6,363	(324,025)
State taxes for the year	227,230	(206,156)
Others	(71,256)	98,195
<b>Total income tax expense/(credit) recognised in the consolidated statement of profit or loss</b>	<b>614,365</b>	<b>(1,136,078)</b>

c) The movement in gross deferred income tax assets and (liabilities) (before set-off) for the year ended March 31, 2024 is as follows:

Particulars	Carrying value as at April 1, 2023	Changes through profit and loss	Carrying value as at March 31, 2024
Property, plant and equipment	(7,389)	4,069	(3,320)
Provision for doubtful trade receivables	488,285	(299,258)	189,027
Accrued Variable Salary	84,595	125,142	209,737
Provision for Wealth Bonus	10,844	(10,844)	-
Provision for Sales Incentive	90,671	(26,452)	64,219
Net operating losses	512,977	(304,710)	208,267
Others	12,356	28,626	40,982
<b>Total</b>	<b>1,192,339</b>	<b>(483,427)</b>	<b>708,912</b>

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	420,837	488,285
Accrued Variable Salary	167,883	(83,288)	84,595
Provision for Wealth Bonus	4,570	6,274	10,844
Provision for Sales Incentive	134,932	(44,261)	90,671
Net operating losses	-	512,977	512,977
Others	-	12,356	12,356
<b>Total</b>	<b>367,199</b>	<b>825,140</b>	<b>1,192,339</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	UAE
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 Systems Company Limited	Fellow Subsidiary Company	United Kingdom
Mastek Arabia FZ LLC	Fellow Subsidiary Company	UAE
Metasofttech Solutions LLC	Fellow Subsidiary Company	United States of America

Key Management Personnel (KMP):

Diwakar Palisetty - President, Director and Secretary (till March 31, 2024)  
Vijay Iyer - President, Director and Secretary (w.e.f. March 31, 2024)  
Rohit Goyal - Director  
Mayur Gajendragadkar - Director, Treasurer

EVOLUTIONARY SYSTEMS CORP.  
Notes to the Consolidated Financial Statements for year ended March 31, 2024

(in USD)

i) Transactions with key management personnel

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Salaries and other employee benefits	324,206	352,741

ii) Transactions with related parties during the year were:

Nature of transactions	Name of related party	For the year ended	
		March 31, 2024	March 31, 2023
Employee stock compensation expenses	Mastek Limited	77,704	45,540
Consultancy and sub-contracting charges	Mastek Inc	2,722,333	93,390
	Mastek Enterprise Solutions Private Limited (formerly known as Trans American Information Systems Private Limited)	7,592,320	10,418,278
	Trans American Information Systems Inc	649,092	1,908,856
Information technology services	Trans American Information Systems Inc	105,670	703,606
	Mastek Inc	7,274,129	420,787
	Metasofttech Solutions LLC	567,398	-
Other reimbursable income	Mastek Inc	87,563	212,370
Other reimbursable charges	Evolutionary Systems Consultancy LLC	154,511	226,510
	Mastek Arabia FZ LLC	16,425	18,568
	Mastek Digital Inc	10,200	12,542
Interest paid	Mastek Systems Company Limited	85,777	75,305

iii) Balances outstanding are as follows:

Nature of balances	Name of related party	For the year ended	
		March 31, 2024	March 31, 2023
Trade and other receivables	Trans American Information Systems Inc	669,735	548,296
	Mastek Inc (includes contract asset of USD 1,942,825)	7,604,757	330,160
	Mastek Systems Company Limited	355	-
	Metasofttech Solutions LLC	567,398	-
Trade payables	Trans American Information Systems Inc	1,564,291	1,628,575
	Mastek Inc	2,475,051	319,260
	Mastek Enterprise Solutions Private Limited (formerly known as Trans American Information Systems Private Limited)	2,097,700	3,427,995
	Mastek Arabia FZ LLC, (UAE)	-	13,537
	Mastek Digital Inc	35,800	25,663
	Mastek Limited	31,368	45,764
	Evolutionary Systems Consultancy LLC	18,160	13,533
Borrowings	Mastek Systems Company Limited	3,463,693	4,077,916

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, 2024 and March 31, 2023 is as follows:

Particulars	Carrying Value		Fair Value	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
<b>Assets</b>				
<b>Amortised cost</b>				
Other non-current assets	4,563	4,563	4,563	4,563
Trade receivables	10,885,097	5,507,983	10,885,097	5,507,983
Cash and cash equivalents	1,191,071	1,486,457	1,191,071	1,486,457
<b>Total assets</b>	<b>12,080,731</b>	<b>6,999,003</b>	<b>12,080,731</b>	<b>6,999,003</b>
<b>Liabilities</b>				
<b>Amortised cost</b>				
Borrowings	3,463,693	4,077,916	3,463,693	4,077,916
Trade and other payables	6,289,642	5,769,692	6,289,642	5,769,692
Other liabilities	1,736,666	940,487	1,736,666	940,487
<b>Total liabilities</b>	<b>11,490,001</b>	<b>10,788,096</b>	<b>11,490,001</b>	<b>10,788,096</b>

24 Financial risk management

The Group's activities expose it to a variety of financial risks i.e. 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.

**Non-Derivative Financial Instruments**

The following table presents foreign currency risk from non- derivative financial instrument as of March 31, 2024 and March 31, 2023.

Currency	As at March 31, 2024					
	Amount in respective foreign currencies			Amount (in USD)		
	Financial assets	Financial liabilities	Net assets / (liabilities)	Financial assets	Financial liabilities	Net assets / (liabilities)
CAD	-	(1,620,397)	(1,620,397)	-	(1,227,934)	(1,227,934)
INR	-	-	-	-	-	-
SGD	13,500	-	13,500	10,125	-	10,125
GBP	-	(280)	(280)	-	(355)	(355)
<b>Total (in USD)</b>				10,125	(1,228,289)	(1,218,164)

  

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	-	(802,050)	(802,050)	-	(592,167)	(592,167)
INR	-	(85,086)	(85,086)	-	(1,035)	(1,035)
SGD	-	(330)	(330)	-	(248)	(248)
<b>Total (in USD)</b>				-	(593,450)	(593,450)

As at March 31, 2024 and March 31, 2023 respectively, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Group would impact results by approximately USD 12,182 and USD 5,932 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.

**Trade Receivable**

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. Three customers who contributes for more than 10% of outstanding total accounts receivables aggregating to 61% as at March 31, 2024 (One customer contributing 48% in March 31, 2023).

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

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Revenue from Top Customer	21%	18%
Revenue from Top 5 Customers	61%	48%

**Ageing schedule of Receivables and Expected credit loss (ECL)**

Particulars	Outstanding for the following periods from due date of transactions						Total
	Unbilled	Not due	Less than 3 months	3-6 months	6 months to 1 year	More than 1 year	
Gross carrying amount	2,575,475	2,708,632	380,052	55,129	1,125,589	413,013	7,257,890
Expected credit loss %	NA	0.00%	0.25%	2.50%	25.00%	100%	
Expected credit loss (in USD)	21,051	-	950	1,378	281,397	413,013	717,790

**Reconciliation of Expected credit loss (ECL)**

Particulars	As at	
	March 31, 2024	March 31, 2023
Opening balance	1,938,744	247,300
Add : Provision created during the year	-	1,691,444
Less : Reversal of ECL	(1,220,954)	-
Closing balance	717,790	1,938,744

## EVOLUTIONARY SYSTEMS CORP.

Notes to the Consolidated Financial Statements for year ended March 31, 2024

(in USD)

**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, 2024	March 31, 2023
Cash and cash equivalents	1,191,071	1,486,457

The table below provides details regarding the contractual maturities of significant liabilities as at March 31, 2024 and March 31, 2023:

Particulars	As at March 31, 2024	
	Less than 1 Year	1 Year and above
Borrowings	3,463,693	-
Trade and other payables	6,289,642	-
Other liabilities	1,736,666	-

Particulars	As at March 31, 2023	
	Less than 1 Year	1 Year and above
Borrowings	4,077,916	-
Trade and other payables	5,769,692	-
Other liabilities	940,487	-

**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, 2024	March 31, 2023
<b>Total equity attributable to the Equity Share Holders of Group</b>	<b>3,569,725</b>	<b>2,088,067</b>
Equity capital as a percentage of total capital	51%	34%
Current borrowing	3,463,693	4,077,916
<b>Total loans and borrowings</b>	<b>3,463,693</b>	<b>4,077,916</b>
<b>Total Cash and cash equivalent</b>	<b>1,191,071</b>	<b>1,486,457</b>
Borrowings as a percentage of total capital	49%	66%
<b>Total capital (Loans, borrowings and equity)</b>	<b>7,033,418</b>	<b>6,165,983</b>
<b>Total adjusted capital (borrowing - cash and cash equivalent + total equity)</b>	<b>5,842,347</b>	<b>4,679,526</b>

**26 Post-reporting date events**

No adjusting or significant non-adjusting events have occurred between March 31, 2024 and the date of authorization of consolidated financial statements.

**27** Previous year figures have been regrouped, reclassified and rearranged wherever necessary, to conform to this year's presentation, and these are not material to the Consolidated financial statements.

**28 Authorization of Financial Statements**

These consolidated financial statements for the year ended March 31, 2024(including comparatives) were approved by the Board of Directors and authorised for issue on February 21, 2025

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

Vijay Iyer  
Director

