

**Magnasoft Spatial Services Inc
Independent Accountants' Audit Report
March 31, 2020**

**Magnasoft Spatial Services Inc
USA**

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Independent Accountants' Audit Report

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DETAILS OF MEMBERS

Magnasoft Consulting India Ltd.

REGISTERED OFFICE

6000 East Evans Avenue Bldg 1,
Suite 360, Denver, Co 80222

Independent Accountants' Audit Report

Date: May----, 2020

To the Members
Magnasoft Spatial Services Inc.
6000 East Evans Avenue Bldg 1,
Suite 360, Denver, Co 80222

Scope:

We have audited the accompanying financial statements of Magnasoft Spatial Services Inc. (company) which comprise the Balance sheet for the period ended March 31, 2020 and the related statements of operations, members' equity, and cash flows for the period ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the



appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion, financial statements referred to above present fairly, in all material respects, the financial position of Magnasoft Spatial Services Inc (company) as of March 31, 2020, and the results of its operations, and cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.



V. GANESH
Chartered Accountant
M No 208181

UDIN: **20208181AAABHQ2784**
Date: 22/05/2020

V. GANESH
Chartered Accountant
M. No.: 208181

Magnasoft Spatial Services, Inc.
Standalone balance sheet as at 31 March 2020

		<i>Amount (in USD)</i>	
	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Financial Assets			
- Other non-current financial assets	4	-	-
Other non-current assets	5	78,594	72,179
Total non-current assets		78,594	72,179
Current assets			
Financial assets			
- Trade receivables	6	47,614	50,770
- Cash and cash equivalents	7	12,188	34,380
Total current assets		59,802	85,150
Total assets		1,38,396	1,57,329
EQUITY AND LIABILITIES			
Equity			
Equity share capital	7	1	1
Other equity	8	(3,94,780)	(3,84,625)
Total equity		(3,94,779)	(3,84,624)
Current liabilities			
Short term borrowings	9	3,63,421	4,39,108
Other current liabilities	10	1,69,755	1,02,845
Total current liabilities		5,33,176	5,41,953
Total equity and liabilities		1,38,396	1,57,329

Significant accounting policies

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for

Chartered Accountants

Firm registration number:



Place: Bangalore

Date: 22 May 2020

Bobbie H Kalra

Bobbie H Kalra

Managing Director

Place: Bangalore

Date: 22 May 2020

V. GANESH
Chartered Accountant
M. No.: 208181

Magnasoft Spatial Services, Inc.
Standalone statement of profit and loss for the year ended 31 March 2020

	Note	For the year ended 31 March 2020	Amount (in USD) For the year ended 31 March 2019
Income			
Revenue from operations	11	2,95,819	5,99,273
Other income	12	887	1,71,353
Total income		2,96,706	9,89,787
Expenses			
Cost of materials consumed			
Cost of integrated logistics services			
Other expenses	13	3,06,861	8,79,177
Total expenses		3,06,861	11,00,099
Profit/(loss) before exceptional items and tax		(10,155)	(1,10,312)
Exceptional Items			
Profit/(loss) for the year		(10,155)	(1,10,312)
Earnings per equity share			
- Basic and Diluted		(10,155)	(1,10,312)

Significant accounting policies

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for
Chartered Accountants
Firm registration number:



V. GANESH
Chartered Accountant
M. No.: 208181

Bobbie H Kalra
Managing Director

Place: Bangalore
Date: 22 May 2020

Magnasoft Spatial Services, Inc.
Standalone Statement of changes in equity for the period ended 31 March 2020

a Equity share capital

	Amount (in USD)	
	As at 31 March 2020	As at 31 March 2018
<i>Equity shares of USD 1 each issued, subscribed and fully paid</i>		
Balance at the beginning of the reporting period		1
Changes in equity share capital during the year	1	1
Balance at the end of the reporting period	1	1

b Other Equity

For the period ended 31 March 2020

Particulars	Amount (in USD)	
	Reserves and Surplus Retained Earnings	Equity attributable to owners of the company
Balance as at 1 April 2019		
Profit or (loss) during the period	(3,84,625)	(3,84,625)
	(10,155)	(10,155)
Total comprehensive income	(3,94,780)	(3,94,780)
Contributions and distributions:		
Dividends	-	-
Balance as at 31 March 2020	(3,94,780)	(3,94,780)

For the year ended 31 March 2019

Particulars	Amount (in USD)	
	Reserves and Surplus Retained Earnings	Equity attributable to owners of the company
Balance as at 1 April 2018		
Profit or (loss) during the period	(2,74,313)	(2,74,313)
	(1,10,312)	(1,10,312)
Total comprehensive income	(3,84,625)	(3,84,625)
Contributions and distributions:		
Dividends	-	-
Balance as at 31 March 2019	(3,84,625)	(3,84,625)

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for



Place: Bangalore
Date: 22 May 2020

V. GANESH
Chartered Accountant
M. No.: 208181

Bobbie H Kalra
Managing Director
DIN: 00324575

Place: Bangalore
Date: 22 May 2020

Magnasoft Spatial Services, Inc.
Standalone statement of cash flows for the year ended 31 Mar 2020

	For the year ended 31 March 2020	<i>Amount (in USD)</i> For the year ended 31 March 2019
Cash flows from operating activities		
Profit for the period	(10,155)	(1,10,312)
Adjustments for:		
Provision no longer required written back	-	-
Bad debts written off	1993	2,28,021
Creditors No longer required written back	(887)	(3,90,514)
Provision for doubtful debts	11,933	1,88,690
Operating cash flow before working capital changes	<u>2,884</u>	<u>(84,115)</u>
<i>Changes in</i>		
- Trade receivables	(10,771)	(1,61,114)
- Current and non-current financial assets	-	5,361
- Other current and non-current assets	(6,415)	23,606
- Other current and non-current liabilities	67,797	1,13,486
Cash generated from operations	<u>53,495</u>	<u>(1,02,776)</u>
Income taxes paid	-	-
Cash generated from operations	<u><u>53,495</u></u>	<u><u>(1,02,776)</u></u>
Cash flows from investing activities		
Investment in subsidiaries	-	-
Net cash generated from/(used in) investing activities [B]	<u><u>-</u></u>	<u><u>-</u></u>
Cash flows from financing activities		
Proceeds/ (Repayment) of short term borrowings	(75,687)	1,07,910
Net cash used in financing activities	<u><u>(75,687)</u></u>	<u><u>1,07,910</u></u>
Increase in cash and cash equivalents	<u><u>(22,192)</u></u>	<u><u>5,134</u></u>
Cash and cash equivalents at the beginning of the year	34,380	29,246
Cash and cash equivalents at the end of the period	<u><u>12,188</u></u>	<u><u>34,380</u></u>
Components of cash and cash equivalents		
Balances with banks:		
- in current accounts	12,188	34,380
Cash and cash equivalents at the end of the period	<u><u>12,188</u></u>	<u><u>34,380</u></u>

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for
Chartered Accountants
Firm registration number:



Place: Bangalore
Date: 22 May 2020

V. GANESH
Chartered Accountant
M. No.: 208181

Bobbie H Kalra
Bobbie H Kalra
Managing Director

Place: Bangalore
Date: 22 May 2020

Magnasoft Spatial Services, Inc.
Notes to the financial statements for the year ended 31 March 2020

4 Other non-current financial assets

Particulars	Amount (in USD)	
	As at	As at
	31 March 2020	31 March 2019
Security Deposits	-	-
	-	-

5 Other non-current assets

Particulars	Amount (in USD)	
	As at	As at
	31 March 2020	31 March 2019
Advances to related parties	78,594	72,179
	78,594	72,179

6 Trade receivables

Particulars	Amount (in USD)	
	As at	As at
	31 March 2020	31 March 2019
Current		
<i>Unsecured, considered good</i>		
Trade receivables	47,614	50,770
<i>Doubtful</i>		
Trade receivables	2,01,998	1,90,065
	2,49,612	2,40,835
Less: allowance for doubtful debts	(2,01,998)	(1,90,065)
	47,614	50,770

7 Cash and cash equivalents

Particulars	Amount (in USD)	
	As at	As at
	31 March 2020	31 March 2019
Balances with banks		
- in current accounts	12,188	34,380
	12,188	34,380

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Magnasoft Spatial Services, Inc.
Notes to the standalone financial statements for the year ended 31 March 2020

7 Share capital

(a) Particulars	Amount (in USD)	
	As at	As at
	31 March 2020	31 March 2019
Authorised		
1 (31 March 2016: 1, 1 April 2015: 1) equity shares of USD 1 each	1	1
Issued, subscribed and fully paid up	1	1
1 (31 March 2016: 1, 1 April 2015: 1) equity shares of USD 1 each	1	1
	1	1

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

	Amount (in USD) (except share data)			
	As at 31 March 2020		As at 31 March 2019	
	No of shares	Amount	No of shares	Amount
Number of shares at the beginning of the year	1	1	1	1
Add: Shares issued/converted during the year*	-	-	-	-
Number of shares outstanding at the end of the year	1	1	1	1

(c) The rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital:

The Company has one class of equity shares having a par value of USD 1 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts if any, in proportion to their shareholding.

(d) Particulars of each class of shares held by holding, ultimate holding, subsidiaries or associates of the holding company or the ultimate holding company:

Particulars	As at	As at
	31 March 2020	31 March 2019
Equity Shares		
Magnasoft Consulting India Private Limited	1	1

(e) Equity shareholders holding more than 5% of equity shares along with the number of equity preference shares held at the beginning and at the end of the year is as given below:-

Name of the shareholder	As at 31 March 2020		As at 31 March 2019	
	% of holding	No of shares	% of holding	No of shares
Magnasoft Consulting India Private Limited	100.00%	1	100.00%	1

(f) The Company has not allotted any fully paid up equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date nor has issued shares for consideration other than cash.

8 Other equity

Particulars	Amount (in USD)	
	As at	As at
	31 March 2020	31 March 2019
Retained earnings		
At the commencement of the year		(2,74,313)
Add: Net profit for the year	(3,84,625)	(1,10,312)
Add/ (less): Items of other comprehensive income recognised directly in retained earnings	(10,155)	
Dividends		
At the end of the year	(3,94,780)	(3,84,625)



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Magnasoft Spatial Services, Inc.
Notes to the standalone financial statements for the year ended 31 Dec 2019

9 Short term borrowings

Particulars	Amount (in USD)	
	As at 31 March 2020	As at 31 March 2019
Advances from related parties	3,63,421	4,39,108
	3,63,421	4,39,108

10 Other current liabilities

Particulars	Amount (in USD)	
	As at 31 March 2020	As at 31 March 2019
Others	30,000	30,000
Advance from customers	-	886
- Creditors for expenses	1,39,755	71,959
	1,69,755	1,02,845

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Magnasoft Spatial Services, Inc.
Notes to the financial statements for the year ended 31 March 2020

11 Revenue from operations

Particulars	Amount (in USD)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of services		
- Income from software development and related services	2,95,819	599273
	2,95,819	599273

12 Other income

Particulars	Amount (in USD)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Other non-operating income		
- miscellaneous income	887	171353
	887	1,71,353

13 Other expenses

Particulars	Amount (in USD)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Cost of purchased services	2,53,700	574465
Travelling and conveyance	460	0
Legal, professional and consultancy charges	7,453	9790
Communication expenses	-	161
Office maintenance and utilities	-	600
Bad debts written off	1,993	8860
Provision for doubtful debts	11,933	186930
Rates and Taxes	5,203	38413
Bank Charges	9,289	8042
Interest Expenses	15,260	20883
Miscellaneous expenses	1,570	31035
	3,06,861	8,79,177



Magnasoft Spatial Services Inc
USA
Notes to the Financial Statements
For the period ended March 31, 2020

1) Nature of Operations

Magnasoft Spatial Services Inc is a Corporation, incorporated under the laws of the State of Delaware on May 17, 2002. The entity is engaged in providing services relating to Laser Scanning, GIS Mapping, LiDAR, Photogrammetry, Orthophoto Production and such other related services.

2) Significant Accounting Policies

Basis of Accounting:

The Company uses the accrual method of accounting for financial reporting purposes. The financial statements have been prepared in conformity with accounting principles generally accepted in the USA ("GAAP").

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the USA requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents:

The Company considers all highly liquid instruments purchased with an original maturity of twelve months or less to be cash equivalents.

Current assets and liabilities:

Assets and liabilities are classified as current if they are receivable and payable within twelve months of the balance sheet date; otherwise they are classified as long term. Current assets and liabilities are stated at nominal value, net of provision, if applicable.



Fair Value of Financial Instruments:

The carrying amounts for certain Company financial instruments, including cash and cash equivalents, certificates of deposits, amounts due to affiliates and member's advance, approximate fair value due to their short maturities.

Plant and Equipment:

Computers & Equipment are stated at historical cost and no depreciation is provided on the same.

Revenue Recognition:

Income is recognized in the period it is earned.

Expenses:

Expenses are recognized in the period these are incurred

Foreign currency translation principle:

Assets and liabilities denominated in currencies other than US Dollars are translated at the rate prevailing at the balance sheet date. Transactions in currencies other than US Dollars during the year are translated into US Dollars at the rate prevailing on the transaction date. Foreign exchange gains and losses are included in Statement of Operations.

3) Related Party Transaction

Magnasoft Consulting India Ltd. is the holding company of Magnasoft Spatial Services Inc. During the year, Magnasoft Spatial Services paid loan amounting to \$ 75,688 to its parent company Magnasoft Consulting India Private Ltd., so the outstanding at the year ended is \$ 3,63,420.

During the year Magnasoft Spatial Services Inc outsourced the GIS development work to Magnasoft Consulting India Private Ltd and the cost of the same is \$ 2,53,700 and the outstanding at the year ended is \$ 1,39,754.

Magnasoft Europe Ltd is a fellow subsidiary of Magnasoft Consulting India Private Ltd. During the year, Magnasoft Spatial Services Inc advanced loan amounting to \$ 6,417 to Magnasoft Europe Limited, so the outstanding at the period end is \$ 78,594.



V. GANESH
Chartered Accountant
M. No.: 208181