

**Magnasoft Spatial Services Inc  
Independent Accountants' Audit Report  
March 31, 2023**

**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: April 26, 2023

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 year ended March 31, 2023 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 Indian Accounting Standards (Ind AS); 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 India. 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, 2023, and the results of its operations, and cash flows for the period ended in accordance with Indian Accounting Standards(Ind AS).


UDIN: 23208181BGVUDW7398

Date: 26/04/2023

**V.GANESH**  
Chartered Accountant  
M. No.: 208181

**Magnasoft Spatial Services Inc**  
**USA**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2023**

**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 Indian Accounting Standards(Ind AS).

**Use of Estimates:**

The preparation of financial statements in conformity Indian Accounting Standards(Ind AS) 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:**

Fixed assets are stated at the cost of acquisition inclusive of freight, duties, levies, up to the date of ready to use and any directly attributable cost of bringing the asset to their working condition for intended use at site after adjusting transit insurance claim, if any, but excluding refundable taxes from tax authorities

Depreciation / amortization are charged on proportionate basis for all assets put to use during the reporting period or decapitalized during the period.

Depreciation is charged on straight line basis so as to write off the cost of the asset over its useful life as mentioned in the following table :

Asset category	Useful Life (years)
<b>Tangible Assets</b>	
Computers and data processing units	
i) Servers and networks	6
ii) End user devices, such as laptops, computers, etc.	3
Office Equipment	5
Electrical Fittings and equipment	10
Furniture & Fixtures	10

**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 period 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 has net advanced loan amounting to \$ 63,496 and advance repaid by the parent entity is \$19,145 so the outstanding receivable at the year ended is \$ 33,777.

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 \$ 36,50,112 and the outstanding payable at the year ended is \$ 9,26,755.

During the year Magnasoft Spatial Services Inc shared the common resources with Magnasoft Consulting India Private Ltd and cost reimbursement of the same is \$ 1,45,566 and the outstanding receivable at the year ended is \$ 36,496.

Magnasoft Europe Ltd is a fellow subsidiary of Magnasoft Consulting India Private Ltd. During the year, Magnasoft Spatial Services Inc advanced loan amounting to \$ 2,41,312 to Magnasoft Europe Limited, so the outstanding at the year end is \$ 3,02,392.

During the period Magnasoft Europe Ltd shared the common resources with Magnasoft Spatial Services Inc and cost reimbursement of the same is \$ 1,62,909 and the outstanding payable at the period ended is \$1,62,909.



**Magnasoft Spatial Services, Inc.**  
**Standalone balance sheet as at 31 March 2023**

*Amount (in USD)*

	Note	As at 31 March 2023	As at 31 March 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	5,766	6,337
Other non-current assets	5	3,36,169	88,592
<b>Total non-current assets</b>		<b>3,41,935</b>	<b>94,929</b>
<b>Current assets</b>			
Financial assets			
- Investments			
- Trade receivables	6	5,27,436	6,38,964
- Cash and cash equivalents	7	1,74,667	5,32,175
- Other current financial assets	8	-	1,959
Other current assets	9	52,303	-
<b>Total current assets</b>		<b>7,54,406</b>	<b>11,73,098</b>
<b>Total assets</b>		<b>10,96,341</b>	<b>12,68,027</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	10	1	1
Other equity	11	(1,58,643)	(2,50,331)
<b>Total equity</b>		<b>(1,58,642)</b>	<b>(2,50,330)</b>
<b>Current liabilities</b>			
Short term borrowings	12	-	10,574
Other current liabilities	13	12,54,984	15,07,783
<b>Total current liabilities</b>		<b>12,54,984</b>	<b>15,18,357</b>
<b>Total equity and liabilities</b>		<b>10,96,342</b>	<b>12,68,027</b>
<b>Notes to Accounts</b>			
The notes form an integral part of the standalone financial statements			

As per our report of even date attached

**V Ganesh**  
Chartered Accountant  
Membership no.: 208181

**Bobbie H Kalra**  
Managing Director  
DIN: 00324575

Place: Bangalore  
Date: 26 April 2023

Place: Bangalore  
Date: 26 April 2023

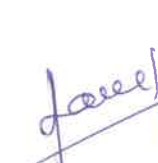

**V.GANESH**  
Chartered Accountant  
M. No.: 208181



**Magnasoft Spatial Services, Inc.****Standalone Statement of Profit and Loss for the year ended 31 March 2023**

		<i>Amount (in USD)</i>	
	Note	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Income</b>			
Revenue from operations	14	43,97,798	34,43,694
Other income	15	656	2,60,187
<b>Total income</b>		<b>43,98,454</b>	<b>37,03,881</b>
<b>Expenses</b>			
Employee benefits expense	16	3,11,894	4,21,812
Finance costs	17	-	11,434
Depreciation and amortization expense	18	2,529	962
Other expenses	19	39,95,826	31,53,221
<b>Total expenses</b>		<b>43,10,249</b>	<b>35,87,429</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>88,205</b>	<b>1,16,452</b>
Exceptional Items			
<b>Profit before tax</b>		<b>88,205</b>	<b>1,16,452</b>
Tax expense:			
- Current tax		-	-
<b>Profit/(loss) for the year</b>		<b>88,205</b>	<b>1,16,452</b>
<b>Earnings per equity share</b>			
- Basic and Diluted		88,205	1,16,452
<b>Notes to Accounts</b>			
The notes form an integral part of the standalone financial statements			

As per our report of even date attached

**V Ganesh**  
Chartered Accountant  
Membership no.: 208181



**Bobbie H Kalra**  
Managing Director  
DIN: 00324575

Place: Bangalore  
Date: 26 April 2023

Place: Bangalore  
Date: 26 April 2023

**V.GANESH**  
Chartered Accountant  
M. No.: 208181

Magnasoft Spatial Services, Inc.  
Standalone Statement of changes in equity for the year ended 31 March 2023

a Equity share capital

	<i>Amount (in USD)</i>	
	As at 31 March 2023	As at 31 March 2022
<i>Equity shares of USD 1 each issued, subscribed and fully paid</i>		
Balance at the beginning of the reporting year	1	1
Changes in equity share capital during the year	-	-
<b>Balance at the end of the reporting year</b>	<b>1</b>	<b>1</b>

b Other Equity

For the year ended 31 March 2023

Particulars	<i>Reserves and Surplus</i>		<i>Amount (in USD)</i>
	Grant of Parent entity ESOP to the company employees	Retained Earnings	Equity attributable to owners of the company
	Balance as at 1 April 2022		(2,50,331)
Add: prior period errors	7,725	(7,725)	-
Profit or (loss) during the period		88,205	88,205
Employee compensation expense for the period	3,483		3,483
<b>Total comprehensive income</b>	<b>11,208</b>	<b>(1,69,851)</b>	<b>(1,58,643)</b>
<b>Contributions and distributions:</b>			
Dividends		-	-
<b>Balance as at 31 March 2022</b>	<b>11,208</b>	<b>(1,69,851)</b>	<b>(1,58,643)</b>

For the year ended 31 March 2022

Particulars	<i>Reserves and Surplus</i>		<i>Amount (in USD)</i>
	Grant of Parent entity ESOP to the company employees	Retained Earnings	Equity attributable to owners of the company
	Balance as at 1 April 2021	-	(3,66,783)
Profit or (loss) during the year	-	1,16,452	1,16,452
Employee compensation expense for the period	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>(2,50,331)</b>	<b>(2,50,331)</b>
<b>Contributions and distributions:</b>			
Dividends		-	-
<b>Balance as at 31 March 2022</b>	<b>-</b>	<b>(2,50,331)</b>	<b>(2,50,331)</b>

The notes form an integral part of the standalone financial statements

As per our report of even date attached

*V. Ganesh*  
V. Ganesh  
Chartered Accountant  
Membership no.: 208181

*Bobbie H Kalra*  
Bobbie H Kalra  
Managing Director  
DIN: 00324575

Place: Bangalore  
Date: 26 April 2023

Place: Bangalore  
Date: 26 April 2023

**V.GANESH**  
Chartered Accountant  
M. No.: 208181

**Magnasoft Spatial Services, Inc.**  
**Standalone statement of cash flows for the year ended 31 March 2023**

*Amount (in USD)*

	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Cash flows from operating activities</b>		
Profit for the period	88,205	1,16,452
Adjustments for:		
Bad debts written off	3,944	1,86,299
Depreciation and amortization expense	2,529	962
Provision for doubtful debts	5,120	-
Unrealized exchange loss/(gain), net	1,789	-
Share based payments	3,483	-
<b>Operating cash flow before working capital changes</b>	<b>1,05,070</b>	<b>3,03,713</b>
<i>Changes in</i>		
- Trade receivables	98,902	(5,06,717)
- Current and non-current financial assets	1,959	(1,959)
- Other current and non-current assets	(2,98,107)	(3,458)
- Other current and non-current liabilities	(2,52,799)	11,66,656
Cash generated from operations	(3,44,975)	7,71,936
Income taxes paid	-	-
<b>Cash generated from operations</b>	<b>(3,44,975)</b>	<b>7,71,936</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,959)	(7,299)
<b>Net cash generated from/(used in) investing activities [B]</b>	<b>(1,959)</b>	<b>(7,299)</b>
<b>Cash flows from financing activities</b>		
Proceeds/ (Repayment) of short term borrowings	(10,574)	(2,63,195)
<b>Net cash used in financing activities</b>	<b>(10,574)</b>	<b>(2,63,195)</b>
<b>Increase in cash and cash equivalents</b>	<b>(3,57,508)</b>	<b>5,01,442</b>
Cash and cash equivalents at the beginning of the period	5,32,175	30,733
<b>Cash and cash equivalents at the end of the period</b>	<b>1,74,667</b>	<b>5,32,175</b>
<b>Components of cash and cash equivalents</b>		
Balances with banks:		
- in current accounts	1,74,667	5,32,175
<b>Cash and cash equivalents at the end of the period</b>	<b>1,74,667</b>	<b>5,32,175</b>

The notes form an integral part of the standalone financial statements

As per our report of even date attached

**V Ganesh**  
Chartered Accountant  
Membership no.: 208181

Place: Bangalore  
Date: 26 April 2023

**V.GANESH**  
Chartered Accountant  
M. No.: 208181

**Bobbie H Kalra**  
Managing Director  
DIN: 00324575

Place: Bangalore  
Date: 26 April 2023

Magnasoft Spatial Services, Inc.

Notes to Standalone financial statements for the year ended 31 March 2023

4 Property, plant and equipment

	Plant and Equipment
<b>Gross carrying amount</b>	
<b>Balance as at 1 April 2021</b>	-
Additions	7,299
Deletions	-
<b>Balance as at 31 March 2022</b>	<b>7,299</b>
<b>Balance as at 1 April 2022</b>	<b>7,299</b>
Additions	1,959
Deletions	-
<b>Balance as at 31 March 2023</b>	<b>9,258</b>
<b>Accumulated amortization</b>	
<b>Balance as at 1 April 2021</b>	-
Charge for the year	962
Disposals	-
<b>Balance as at 31 March 2022</b>	<b>962</b>
<b>Balance as at 1 April 2022</b>	<b>962</b>
Charge for the year	2,529
Disposals	-
<b>Balance as at 31 March 2023</b>	<b>3,491</b>
<b>Carrying amount:</b>	
As at 31 March 2022	6,337
As at 31 March 2023	5,766



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**Magnasoft Spatial Services, Inc.**

**Notes to Standalone financial statements for the year ended 31 March 2023**

**5 Other non-current assets**

Particulars	Amount (in USD)	
	As at	As at
	31 March 2023	31 March 2022
Advances to related parties	3,36,169	88,592
	<b>3,36,169</b>	<b>88,592</b>

**6 Trade receivables**

Particulars	Amount (in USD)	
	As at	As at
	31 March 2023	31 March 2022
Current		
Unsecured, considered good		
Trade receivables	5,27,436	6,38,964
Doubtful		
Trade receivables	20,820	15,700
	5,48,256	6,54,664
Less: allowance for doubtful debts	(20,820)	(15,700)
	<b>5,27,436</b>	<b>6,38,964</b>

**Note:**

Trade receivables ageing more than 120 days past due for the period ended 31st March 2023 in excess of expected credit loss includes an amount of USD. 19,900 /-. Expected credit loss on the said receivable has not been provided due to back to back payment terms with one of the customer and proceeds for the same is received subsequent to 31st March 2023.

**7 Cash and cash equivalents**

Particulars	Amount (in USD)	
	As at	As at
	31 March 2023	31 March 2022
Balances with banks		
- in current accounts	1,74,667	5,32,175
	<b>1,74,667</b>	<b>5,32,175</b>

**8 Other current financial assets**

Particulars	Amount (in USD)	
	As at	As at
	31 March 2023	31 March 2022
Others		
Staff advance	-	1,959
	<b>-</b>	<b>1,959</b>

**9 Other current assets**

Particulars	Amount (in USD)	
	As at	As at
	31 March 2023	31 March 2022
Advances other than capital advances:		
- for supply of goods and rendering of services	9,070	-
Prepayments	6,737	-
Other Receivables from related parties	36,496	-
	<b>52,303</b>	<b>-</b>



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**Magnasoft Spatial Services, Inc.**

**Notes to Standalone financial statements for the year ended 31 March 2023**

**10 Share capital**

(a) Particulars	Amount (in USD)	
	As at 31 March 2023	As at 31 March 2022
<b>Authorized</b>		
1 (31 March 2023: 1, 1 April 2022: 1) equity shares of USD 1 each	1	1
	<u>1</u>	<u>1</u>
<b>Issued, subscribed and fully paid up</b>		
1 (31 March 2023: 1, 1 April 2022: 1) equity shares of USD 1 each	1	1
	<u>1</u>	<u>1</u>

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

	Amount (in USD) (except share data)			
	As at 31 March 2023		As at 31 March 2022	
	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	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

**(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 2023	31 March 2022
<u>Equity Shares</u>		
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 period is as given below:-**

Name of the shareholder	As at 31 March 2023		As at 31 March 2022	
	% of holding	No of shares	% of holding	No of shares
Magnasoft Consulting India Private Limited	100.0%	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.**

**11 Other equity**

Particulars	Amount (in USD)	
	As at 31 March 2023	As at 31 March 2022
<b>Grant of Parent entity ESOP to the company employees</b>		
At the commencement of the period	-	-
Add: prior period errors	7,725	-
Restated balance at the beginning of the current reporting period	7,725	-
Add: Employee compensation expense for the period	3,483	-
At the end of the period	<u>11,208</u>	<u>-</u>
<b>Retained earnings</b>		
At the commencement of the period	(2,50,331)	(3,66,783)
Add: prior period errors	(7,725)	-
Restated balance at the beginning of the current reporting period	(2,58,056)	(3,66,783)
Add: Net profit for the period	88,205	1,16,452
At the end of the period	<u>(1,69,851)</u>	<u>(2,50,331)</u>
	<u>(1,58,643)</u>	<u>(2,50,331)</u>



**Magnasoft Spatial Services, Inc.**

**Notes to Standalone financial statements for the year ended 31 March 2023**

**12 Short term borrowings**

<b>Particulars</b>	<b>Amount (in USD)</b>	
	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
Advances from related parties	-	10,574
	-	<b>10,574</b>

**13 Other current liabilities**

<b>Particulars</b>	<b>Amount (in USD)</b>	
	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
Advance from customers	1,820	2,535
Creditors for expenses	11,12,191	15,05,248
Employee dues	1,40,973	-
	<b>12,54,984</b>	<b>15,07,783</b>



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Magnasoft Spatial Services, Inc.  
Notes to Standalone financial statements for the year ended 31 March 2023

14 Revenue from operations

Particulars	Amount (in USD)	
	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Sale of services</b>		
- Income from Geospatial Services	43,97,798	34,43,694
	<b>43,97,798</b>	<b>34,43,694</b>

15 Other income

Particulars	Amount (in USD)	
	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest income	171	-
Other non-operating income		
- Provision no longer required written back	-	1,86,299
- Net gain on foreign currency transactions and translation	-	73,886
- miscellaneous income	485	2
	<b>656</b>	<b>2,60,187</b>

16 Employee benefits expense

Particulars	Amount (in USD)	
	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries and wages	3,05,950	4,21,778
Contribution to provident and other funds	-	34
Share based payments to employees	3,483	-
Staff Welfare Expense	2,461	-
	<b>3,11,894</b>	<b>4,21,812</b>

17 Finance costs

Particulars	Amount (in USD)	
	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest Expenses	-	11,434
	-	<b>11,434</b>

18 Depreciation and amortization expense

Particulars	Amount (in USD)	
	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation of property, plant and equipment	2,529	962
	<b>2,529</b>	<b>962</b>

19 Other expenses

Particulars	Amount (in USD)	
	For the year ended 31 March 2023	For the year ended 31 March 2022
Cost of purchased services	36,50,112	28,59,925
Rent	1,181	2,611
Travelling and conveyance	11,069	1,944
Legal, professional and consultancy charges	2,79,696	33,469
Communication expenses	1,422	-
Subcontracting charges	-	11,096
Bad debts written off	3,944	1,86,299
Provision for doubtful debts	5,120	-
Rates and Taxes	3,504	1,275
Bank Charges	4,337	5,481
Subscription and Membership	28,459	24,935
Miscellaneous expenses	5,863	26,186
Net loss on foreign currency transactions and translation	1,119	-
	<b>39,95,826</b>	<b>31,53,221</b>



*BA*