

3i INFOTECH INC

AUDITED FINANCIAL STATEMENTS

TWELVE MONTHS ENDED MARCH 31, 2021 AND 2020

VBC & COMPANY

Certified Public Accountants
A Professional Corporation
97, Cedar Grove Lane, Suite 202,
Somerset, NJ 08873.
email: balav@vbccpa.com

3i INFOTECH INC.

TABLE OF CONTENTS

Independent Auditor's Report	3
Financial Statements	
Balance Sheets	5
Statements of Income and Retained Earnings/ (Accumulated deficit)	6
Statements of Cash Flows	7
Statements of Changes in Stockholder's Equity	8
Notes to Financial Statements	9-20
Independent Auditor's Report on Supplemental Information	21
Supplemental Schedules	22

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INDEPENDENT AUDITOR'S REPORT

**To the Stockholder and Board of Directors of,
3i Infotech Inc,
New Jersey, USA**

Opinion

We have audited the accompanying financial statements of 3i Infotech Inc (a Delaware corporation), which comprise the balance sheets as of March 31, 2021 and March 31, 2020, and the related statements of income, retained earnings, and cash flows for the twelve months ended March 31, 2021 and March 31, 2020, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 3i Infotech Inc as of March 31, 2021 and March 31, 2020, and the results of its operations and its cash flows for the twelve months then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 3i Infotech Inc and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Critical Audit Matters

As mentioned in Note - 2 to financial statements, a Business Transfer Agreement was entered between the 3i Infotech Inc and Azentio Software Private Limited, dated December 28, 2020 outlining the sale of certain software product business, which was concluded as on March 31, 2021. 3i Infotech Inc. has received a consideration of \$ 271,518 towards such sale, and the profit on sale of its business has been recognized in the statement of income. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters above, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 3i Infotech Inc's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 3i Infotech Inc'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 3i Infotech Inc's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



VBC & Company
Certified Public Accountants
Somerset, New Jersey
May 17, 2021

3i INFOTECH INC
BALANCE SHEETS
AS OF MARCH 31, 2021 AND 2020

	2021	2020
Current assets		
Cash and cash equivalents	\$ 1,761,933	\$ 787,865
Accounts receivable, net	5,795,416	5,488,998
Unbilled revenue	4,216,919	4,712,475
Employee advances	86,750	79,846
Prepaid expenses	33,414	48,971
Current assets - discontinued operations	-	837,156
Total current assets	<u>11,894,432</u>	<u>11,955,311</u>
Property and equipment, net	7,174	17,939
Other assets		
Security deposits	30,000	30,000
Dues from affiliates	96,219,210	130,292,454
Other advances	491,587	235,694
Total other assets	<u>96,740,797</u>	<u>130,558,148</u>
Total assets	<u>\$ 108,642,403</u>	<u>\$ 142,531,398</u>
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,116,444	\$ 1,427,981
Accrued Interest	3,679,872	3,345,042
Accrued payroll and payroll taxes	3,750,072	3,330,673
Short term borrowings	2,979,000	3,000,000
Unearned revenue	186,489	11,104
Income taxes payable	128,234	49,606
Current liabilities - discontinued operations	-	473,318
Total current liabilities	<u>11,840,111</u>	<u>11,637,725</u>
Other liabilities		
Long-term debt from affiliates	4,745,000	4,745,000
Dues to affiliates	15,389,660	49,359,753
Other liabilities	73,476	9,337
Total other liabilities	<u>20,208,136</u>	<u>54,114,090</u>
Stockholder's equity		
Common stock	30,332,078	30,332,078
Additional paid-in capital	23,157,686	23,157,686
Optionally convertible preferred stock	89,495,976	89,495,976
Share application money pending allotment	7,675,000	7,700,000
Accumulated deficit	(74,066,586)	(73,906,157)
Total stockholder's equity	<u>76,594,154</u>	<u>76,779,583</u>
Total liabilities and stockholder's equity	<u>\$ 108,642,403</u>	<u>\$ 142,531,398</u>

(See report of independent auditor's and accompanying notes to financial statements)

3i INFOTECH INC
STATEMENTS OF INCOME
FOR THE TWELVE MONTHS ENDED MARCH 31, 2021 and 2020

	2021	2020
Revenue		
Information Technology Services	\$ 45,778,776	\$ 48,300,830
Other income	-	63
Total Revenue	<u>45,778,776</u>	<u>48,300,893</u>
Cost of revenue	40,509,245	42,913,242
Gross profit	<u>5,269,531</u>	<u>5,387,651</u>
General and administrative expenses	5,281,646	5,323,058
Income/(Loss) before depreciation and tax	<u>(12,115)</u>	<u>64,593</u>
Interest expense	94,919	143,778
Interest expense - Affiliates	334,830	400,639
Depreciation/Amortization	13,604	25,940
Loss before income taxes from continuing operations	<u>(455,468)</u>	<u>(505,764)</u>
Provision for income tax - current year	4,261	8,488
Net Loss from continuing operations	<u>\$ (459,729)</u>	<u>\$ (514,252)</u>
Discontinued Operations - Note K		
Profit from operations of discontinued operations (Including profit on disposal of \$ 201,129 (2021))	420,941	563,481
Income taxes	121,642	52,124
Net Profit from discontinued operations	<u>\$ 299,299</u>	<u>\$ 511,357</u>
Net Loss	<u>\$ (160,429)</u>	<u>\$ (2,895)</u>
Beginning accumulated deficit	\$ (73,906,157)	\$ (73,903,262)
Ending accumulated deficit	<u>\$ (74,066,586)</u>	<u>\$ (73,906,157)</u>

(See report of independent auditor's and accompanying notes to financial statements)

3i INFOTECH INC
STATEMENTS OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2021 and 2020

	2021	2020
Cash flow from operating activities		
Net loss	\$ (160,429)	\$ (2,895)
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	13,604	25,940
Provision for doubtful debts	80,709	161,632
Net cashflow from sale of discontinued operations	(271,518)	-
Changes in operating assets and liabilities:		
Trade and other receivables	945,585	(321,161)
Prepaid and other advances	(247,240)	(137,970)
Accounts payable, accrued expenses and other liabilities	287,525	(568,885)
Net cash provided by / (used in) operating activities	<u>648,236</u>	<u>(843,339)</u>
Cash flow from investing activities		
Divestiture of businesses	271,518	-
Purchase of assets (net of capital work-in-progress)	(2,837)	6,811
Net cash provided by / (used in) investing activities	<u>268,681</u>	<u>6,811</u>
Cash flow from financing activities		
Share application money refunded	(25,000)	-
Dues to/from affiliates - net	103,151	1,498,291
Proceeds/ (repayments) from/to borrowings - net	(21,000)	(500,000)
Net cash provided by / (used in) financing activities	<u>57,151</u>	<u>998,291</u>
Increase (decrease) in cash and cash equivalents	<u>\$ 974,068</u>	<u>\$ 161,763</u>
Cash and cash equivalents, beginning of period	787,865	626,102
Cash and cash equivalents, end of period	<u>\$ 1,761,933</u>	<u>\$ 787,865</u>
Interest paid	\$ 94,919	\$ 143,778
Taxes paid	\$ 47,289	\$ 21,498

(See report of independent auditor's and accompanying notes to financial statements)

3i INFOTECH INC
STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE TWELVE MONTHS ENDED MARCH 31, 2021 and 2020

	2021	2020
<u>Common stock and paid-in capital</u>		
Balance, beginning of period:		
Common stock	\$ 30,332,078	\$ 30,332,078
Balance, end of period	<u>30,332,078</u>	<u>30,332,078</u>
Additional paid-in capital	<u>23,157,686</u>	<u>23,157,686</u>
Balance, beginning of period:		
Optionally convertible preferred stock	89,495,976	89,495,976
Balance, end of period	<u>89,495,976</u>	<u>89,495,976</u>
Share application money pending allotment	<u>7,675,000</u>	<u>7,700,000</u>
Balance, end of period	<u>\$ 150,660,740</u>	<u>\$ 150,685,740</u>
Accumulated deficit		
Balance, beginning of period		
Accumulated deficit	(115,110,216)	(115,107,321)
Security premium	41,204,059	41,204,059
Net loss during the year - continuing operations	(459,729)	(514,252)
Net profit during the year - discontinued operations	299,299	511,357
Balance, end of period	<u>(74,066,586)</u>	<u>(73,906,157)</u>
Total stockholder's equity	<u>\$ 76,594,154</u>	<u>\$ 76,779,583</u>

(See report of independent auditor's and accompanying notes to financial statements)

3i INFOTECH INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2021 AND 2020

Note 1- Summary of significant accounting policies

Nature of Operations

3i Infotech Inc. (the "Company"), a Delaware Corporation, is a wholly owned subsidiary of 3i Infotech Holdings Private Limited (Mauritius). The Company undertakes IT Services and Staffing Services. Numerous factors affect the Company's operating results, including general economic conditions, market acceptance and demand for its consulting services, its ability to obtain new customers, and rapidly changing technologies and competition. The Company's customer base covers a broad spectrum of industries including, Engineering, Financials, Information technologies, Insurance, Healthcare, Manufacturing, Medical, Telecommunication among others.

Accounting Policies

These financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP"); consequently, revenues are recognized when services are rendered and expenses reflected when cost are incurred. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard require a change in accounting policy hitherto in use.

Concentration of Credit Risk

The Company maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and the Company places its cash and cash equivalents with high-credit quality financial institutions. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents. With respect to trade receivables, the Company generally does not require collateral because of the common business practice prevailing in the industry and also that majority of the Company's customers are fairly well established companies operating in a variety of industries and geographic regions. When necessary, the Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information.

Use of Estimates

The Company's management makes estimates and assumptions in the preparation of its financial statements in conformity with accounting principles generally accepted in the United States of America. These estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as on the date of the financial statements and the reported amounts of revenues and expenses during the respective reporting periods. Actual results could differ from those results implicit in the estimates and assumption.

Cash and cash equivalents

Cash and cash equivalents consist of demand deposits. The Company considers all highly liquid investments purchased with a remaining maturity principally of three months or less to be cash equivalents.

The Company maintains its cash in a bank deposit account that, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Financial Instruments

The Company's financial instruments including cash and cash equivalents, accrued expenses, accounts receivable, accounts payable and lines of credit, all of which approximate fair value at the balance sheet dates.

3i INFOTECH INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2021 AND 2020

Accounts receivable

Accounts receivable are generated from various commercial entities. Accounts receivable are stated at cost less an allowance for doubtful accounts if considered necessary. Credit is extended to customers after an evaluation of the customer's financial condition, and generally collateral is not required. Management's determination of the allowance for doubtful accounts is based on an evaluation of the accounts receivable, past experience, current economic conditions and other risks inherent in the accounts receivable portfolio.

Allowance for Doubtful Accounts

The allowance for doubtful accounts reflects the Company's best estimate of probable losses inherent in the accounts receivable balance. The Company determines the allowance based on known troubled accounts, historical experience, and other currently available evidence. The allowance for doubtful accounts for the twelve months ended March 31, 2021 and 2020 was \$643,096 and \$ 625,766 respectively.

Revenue Recognition

In May 2014, the FASB issued an update to ASC 606, Revenue from Contracts with Customers, further amended in July 2015. This update to ASC 606 provides a five-step process to determine when and how revenue is recognized. The core principle of the guidance is that a Company should recognize revenue upon transfer of promised goods or services to customers in an amount that reflects the expected consideration to be received in exchange for those goods or services. This update to ASC 606 will also result in enhanced disclosures about revenue, providing guidance for transactions that were not previously addressed comprehensively, and improving guidance for multiple-element arrangements. Effective Jan 01, 2019, the Company adopted Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers, using the modified retrospective method. The adoption allows companies to apply the new revenue standard to reporting periods beginning in the year the standard is first implemented, while prior periods continue to be reported in accordance with previous accounting guidance. Since the adoption of Accounting Standards Codification ("ASC") 606 did not have a significant impact on the recognition of revenue, the Company did not have an opening retained earnings adjustment.

The Company generates most of its revenues from Technology Staffing, and IT Services. Comprehensive revenue recognition model is designed to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenues are recognized as control of the promised service is transferred to customers, in an amount that reflects the consideration expected in exchange for the services. Revenues from contract assignments are recognized over time, based on hours worked by the Company's contract professionals. The performance of the requested service over time is the single performance obligation for assignment revenues. Revenues are recognized net of variable consideration to the extent that it is probable that a significant reversal of revenues will not occur in subsequent periods. The Company recognizes revenue for fixed-price contracts using percentage of completion method. Under this method of revenue recognition, the Company estimates the progress towards completion to determine the amount of revenue and profit to recognize on all significant contracts. The Company utilizes a cost-to-cost approach in applying the percentage-of-completion method, under which revenue is earned in proportion to total costs incurred, divided by total costs expected to be incurred. The recognition of profit is dependent upon the accuracy of a variety of estimates, including software development progress, achievement of milestones and other incentives, penalty provisions, labor productivity and cost estimates. Such estimates are based on various judgments that the Company makes with respect to those factors and are difficult to accurately determine until the project is significantly underway. Due to uncertainties, inherent in the estimation process, it is possible that actual completion costs may vary from estimates. If estimated total costs on

3i INFOTECH INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2021 AND 2020

any contract indicate a loss, the Company charges the entire estimated loss to operations in the period the loss first becomes known. Maintenance revenues are recognized ratably over the term of the underlying maintenance agreement.

The Company recognizes most of its revenue on a gross basis when it acts as a principal in its transactions. The Company has direct contractual relationships with its customers, bears the risks and rewards of its arrangements, has the discretion to select the contract professionals and establish the price for the services to be provided. The Company primarily provides services through its employees and through subcontractors; the related costs are included in cost of sales. The Company includes billable expenses (out-of-pocket reimbursable expenses) in revenue and the associated expenses are included in cost of sales.

Cost of Revenues

The costs of revenues are classified as cost of sales on the income statement and consist primarily of employee costs and sub-contractor's costs, and other costs incurred in connection with the execution of projects.

Unbilled Revenues

Unbilled revenues, if any are classified as unbilled receivables on the balance sheet, represents services rendered prior to being invoiced due to certain contractual restrictions.

Customer and Business Concentration

Financial instruments that potentially subject the company to concentration of credit risk consist principally of cash and trade receivables. Credit risks associated with trade receivables is minimal due to the Company's ongoing procedures, which monitor the credit worthiness of its customers. For the twelve months ended March 31, 2021 and 2020 revenue from the top 10 external customers amounted to \$ 11,833,503 (representing 26% of revenues) and \$ 15,104,489 (representing 30% of revenue) respectively. As of March 31, 2021 and 2020, accounts receivable from these customers were \$ 1,452,319 (representing 25% of net accounts receivable) and \$ 1,075,549 (representing 19% of net accounts receivable) respectively.

Property and equipment

Property and equipment, consisting of computers, furniture, vehicle and equipment, are stated at cost. Improvements which substantially increase the useful lives of assets are capitalized. Maintenance and repairs are expensed as incurred. Upon retirement or disposal, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss is recorded. Depreciation on all property and equipment is calculated using the straight-line method over the estimated useful lives of the assets which range from three to ten years. The Company amortizes business and commercial rights, over five years' period. The Company amortizes goodwill, (purchased or merger related) over five years' period. The depreciation expense, including amortization for the twelve months ended March 31, 2021 and 2020 was \$ 13,604 and \$ 25,940, respectively. There was no amortization of goodwill for the twelve months ended March 31, 2021 and 2020.

Income Taxes

The Company is taxed as a "C" corporation and as such accounts for income taxes pursuant to the provisions of Statement of Financial Statement Accounting Standards No. 109 "Accounting for Income Taxes." Under SFAS No. 109, deferred tax liabilities and assets are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their tax bases. Any deferred tax assets recognized for net operating loss carry-forwards and other items are reduced by a valuation allowance when it is more likely than not that the benefits may not be realized. Deferred tax assets and liabilities are measured using enacted tax rates

3i INFOTECH INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2021 AND 2020

expected to apply to taxable income in the years in which those temporary differences are expected. The Company recognizes deferred tax assets to the extent that it believes that these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If the Company determines that it would be able to realize its deferred tax assets in the future in excess of their net recorded amount, the Company would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes. There are no material deferred tax liabilities as of March 31, 2021 and 2020 and the company has reduced the entire deferred tax asset as of the above dates by a valuation allowance as the company does not expect to realize the benefits of such deferred tax asset in the foreseeable future.

Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its recoverable amount and the amount of such impairment loss is charged to Income statement. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

Provisions and Contingent Liabilities

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources. Contingent assets are neither recognized nor disclosed in the financial statements.

Impact of New Accounting Standards

In February 2016, the FASB issued ASI No 2016-02, which introduces a lessee model that brings substantially all leases into the balance sheet. Under the new standard, a lessee will recognize on its balance sheet a lease liability and a right of use of all asset for all leases, including operating leases, with a greater term than 12 months. The new standard will also distinguish leases as either finance leases or operating leases. This distinction will affect how leases are measured and presented in the income statement and statement of cash flows. ASU No. 2016-02 is effective for annual and interim periods in fiscal year beginning after December 15, 2020. Due to the challenges related to the coronavirus pandemic, on April 8, 2020, FASB has proposed to defer the effective date to fiscal years beginning after December 15, 2021. The Management is still accessing the potential impact that ASU No 2016-02 will have on its financial statements and disclosures.

Note 2 – Divesture of business

On March 31, 2021 the Company's ultimate Parent entity, 3i Infotech Limited along with its subsidiaries, has announced that it has concluded the sale of product business to Azentio Software Private Limited. A Business Transfer Agreement was entered between the Company and Azentio Software Private Limited, dated December 28, 2020 outlining the sale of certain software product business conducted by the Company. The Company has received a consideration of \$ 271,518 towards such sale of product business. As part of the transfer as on March 31, 2021 the company has transferred all the customer contracts and related net assets.

3i INFOTECH INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2021 AND 2020

Accounting treatment of the divestiture of business:

The Company accounted for the divestiture as under:

- a. All assets and liabilities (including contingent liabilities), benefits under income tax, duties and obligations of identified product lines, have been recorded in the books of account of the Company at their existing carrying amounts and in the same form.
- b. The Company has received a sale consideration of \$ 271,518 towards such sale.
- c. In accordance with the business transfer agreement, the company has transferred the assets and liabilities as on March 31, 2021 at the following summarized values.

Particulars	Total
Current Assets	
Accounts receivable, net	\$ 211,638
Unbilled receivable, net	406,275
Current liabilities	
Accounts payable and accrued liabilities	34,252
Unearned revenue	513,271
Net Assets Transferred - A	\$ 70,389
Sale proceeds received - B	\$ 271,518
Profit on sale recognized - (B – A)	\$ 201,129

Summarized financial information for discontinued operations is shown below.

Twelve months ended	March 31, 2021	March 31, 2020
Total Revenue	\$ 1,420,025	\$ 2,792,521
Profit from discontinued operations before tax	219,812	563,481
Profit from disposal	201,129	-
Total Profit from discontinued operations	420,941	563,481
Provision for Income Tax	121,642	52,154
Net Income from discontinued operations	\$ 299,299	\$ 511,357

The assets and liabilities as on March 31, 2020 presented below, are classified as held for sale.

Current Assets	
Accounts receivable, net	\$ 136,273
Unbilled receivable, net	700,883
Current liabilities	
Accounts payable and accrued liabilities	\$ 86,270
Unearned revenue	387,048

Note 3 – Advertising Costs

The Company expenses advertising costs in the period incurred. Advertising and Business promotion cost for the twelve months ended March 31, 2021 and 2020 was \$ 37,324 and \$ 49,053 respectively.

3i INFOTECH INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2021 AND 2020

Note 4 – Cash and Cash equivalents

As of March 31, 2021 and 2020, Cash and cash equivalents were \$ 1,761,933 and \$ 787,685 respectively.

Note 5 – Property and equipment

Property and equipment consisted of:

	March 31, 2021	March 31, 2020
Computers, software, furniture & office equipment's	\$ 12,321,965	\$ 12,319,128
Improvements to Leasehold Property	109,465	109,465
Business & Commercial Rights	4,015,315	4,015,315
Goodwill	113,120,240	113,120,240
Less: Accumulated depreciation and amortization	(129,559,811)	(129,546,209)
Property and equipment net	\$ 7,174	\$ 17,939

Depreciation expense for the twelve months ended to March 31, 2021 and 2020 was \$ 13,604 and \$ 25,940 respectively.

There was no amortization of goodwill for the twelve months ended March 31, 2021 and 2020.

Note 6 – Commitments and Contingencies

Operating Lease:

The Company has an operating lease for its office space. Future minimum rental commitments under the non-cancellable lease are as follows:

	As of March 31, 2021	As of March 31, 2020
Less than one year	\$ 194,676	\$ 194,676
1-2 years	194,676	194,676
2-3 years	194,676	194,676
3-4 years	194,676	194,676
4-5 years	21,957	206,082
Total	\$ 800,661	\$ 984,786

Security deposit related to lease for office premises as on March 31, 2021 and 2020 was \$ 30,000.

Total rent expense for all of these operating leases for the twelve months ended March 31, 2021 and 2020 was \$ 191,129 and \$ 179,559 respectively.

The Company has sub leased its warehouse space for, warehouse and general office use in a manner consistent with the terms of its primary lease. Future minimum rental receipts under the non-cancellable lease are as follows:

3i INFOTECH INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2021 AND 2020

	As of March 31, 2021	As of March 31, 2020
Less than one year	\$ 37,680	\$ 4,000
1-2 years	37,680	-
2-3 years	37,680	-
3-4 years	37,680	-
4-5 years	-	-
Total	\$ 150,720	\$ 4,000

Security deposit received related to the warehouse sub lease is as of March 31, 2021 and 2020 was \$ 5,600.

Total rent received for the twelve months ended March 31, 2021 and 2020 was \$ 50,400 and \$ 48,000 respectively. Rent received has been netted off with the total rental expenses.

The Company does not have any material outstanding capital commitments and contingent Liabilities as on the date of the Balance Sheet.

Note 7 – Income Taxes

The components of the provision for income taxes for the twelve months ended, were as follows:

	March 31, 2021	March 31, 2020
Current taxes	\$ 125,902	\$ 60,612
Total current taxes	125,902	60,612
Prior period taxes	-	-
Advance taxes paid	15,000	-

Components of deferred tax assets and liabilities:

	As of March 31, 2021	As of March 31, 2020
Deferred Income tax assets:		
Provision for bad debts	\$ 135,050	\$ 131,411
Interest expenses accrued	772,773	702,459
NOL available	90,381	145,736
Deferred income tax asset	998,204	979,606
Deferred income tax liabilities:		
Depreciation	(69,170)	(93,527)
Deferred income tax liabilities	(69,170)	(93,527)
Net deferred tax asset	929,035	886,349
Less: Valuation allowance	(929,035)	(886,349)
Deferred income tax asset – long term	-	-

Uncertain tax positions: The Company believes that it is not likely that it will realize the benefits of its deferred tax assets based primarily on the Company's history of and projections for taxable income in the future. The Company recognizes interest and penalties associated with tax matters as selling, general and administrative expenses and includes accrued interest and penalties with accrued and other liabilities in the consolidated balance sheets. As of the report date, the Company does not have

3i INFOTECH INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2021 AND 2020

any uncertain tax liabilities or benefits that could materially affect the effective tax rate. The federal tax years ended March 31, 2021, 2020, 2019 and 2018 were open as of the report date. Management regularly assesses the tax risk of the company's return filing positions for all open years.

Note 8 – Line of credit

On September 25, 2020, the Company renewed a \$ 3,000,000 revolving line of credit from State Bank of India(SBI), California Branch, USA, which was with reference to the original loan which was obtained on December 11, 2009, which subsequently expired on September 30, 2020 and the bank has a first charge on the current assets of the company. The interest rate on this loan is subject to changes from time to time based on changes in WSJ Prime rate. Interest on the unpaid principal balance of this loan is charged at 2.250% points over and above the WSJ prime rate. As per the covenants of this loan the Company has to maintain a minimum current asset to current liabilities ratio of 1.15, maximum debt to net worth of 3 and minimum interest coverage of 1.50 on EBITDA, as calculated by the management prepared financial statements. The maturity date of this loan agreement has been extended to September 30, 2021.

On September 25, 2020, the Company renewed a \$ 250,000 revolving line of credit from State Bank of India(SBI), California Branch, USA, which was with reference to the original loan of \$ 500,000 which was obtained on January 19, 2018, subsequently expired on September 30, 2020 and the bank has a first charge on the current assets of the company. The interest rate is subject to change from time to time based on changes in an independent Index which is the WSJ Prime rate. Interest on the unpaid principal balance of this loan is charged at 2.50% points over and above the WSJ prime rate. As per the covenants of this loan the Company has to maintain a minimum current asset to current liabilities ratio of 1.15, maximum debt to net worth of 3 and minimum interest coverage of 1.25 on EBITDA, as calculated by the management prepared financial statements. The maturity date of this loan agreement has been extended to September 30, 2021.

The balance outstanding as of March 31, 2021 and 2020 was \$ 2,979,000 and \$ 3,000,000 respectively. Interest expenses for the twelve months ended March 31, 2021 and 2020 was \$ 94,919 and \$ 143,778 respectively.

Note 9 – Litigation and Contingencies

The Company has obtained a \$ 3,250,000 line of credit from State Bank of India, California Branch, USA, with the charge on the current assets of the company.

The Company was identified as a material obligor in March 2012 under the Corporate Debt Restructuring (CDR) package of the ultimate Indian parent, 3i Infotech Limited (the "Borrower") and had issued a secured corporate guarantee in favour of IDBI Trusteeship Services Limited (as the security trustee for the all the CDR Lenders of 3i Infotech Limited) towards securing the secured obligations of the Borrower under the CDR package. As per the terms of this secured guarantee, ICICI Bank Limited, one of the CDR Lenders, was granted a first charge on all the present and future movable fixed assets and Current Assets of the Company, ranking pari passu with the existing first charge in favour of SBI California to secure line of credit of US\$ 3.25 million, while the facilities of the remaining CDR Lenders were granted a second charge.

As on the report date, the Indian parent, 3i Infotech Limited (the Borrower), has repaid all the outstanding debt obligations under the said CDR package and has obtained a no due certificate from the respective lenders.

3i INFOTECH INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2021 AND 2020

The Company does not have any knowledge of any involvement in legal proceedings, either of which the company has initiated or has been brought against it. The company's liabilities, if any, have been reported on the balance sheet and the management has no knowledge of any further liabilities or contingencies.

Contingent liabilities: The Company is named in various claims and legal actions in the ordinary course of business. Based on the counsel and management's opinion, there are no pending significant legal proceedings to which the Company is a party, the ultimate outcome would have a material adverse effect on the Company's financial position.

Note 10 – Stockholder's Equity

The Company is authorized to issue the following stocks

	March 31, 2021	March 31, 2020
Common Stock:		
Class A-Authorized 101,135,187 shares of par value USD 0.30each	30,340,556	30,340,556
Class B - Authorized 1,000,000 shares of par value USD 0.01 each	10,000	10,000
Optionally Convertible Preferred Stock:		
Series A-Authorized 21,000,000 shares of par value of USD 1 each	21,000,000	21,000,000
Series B-Authorized 29,000,000 shares of par value of USD 1 each	29,000,000	29,000,000
Series C-Authorized 67,000,000 Shares of par value of USD1 each	67,000,000	67,000,000

The amounts of common stock and preferred stock, issued and outstanding were as follows:

	March 31, 2021	March 31, 2020
Common Stock:		
Class A - Issued 101,073,594 shares of par value USD 0.30 each held by Parent only	30,322,078	30,322,078
Class B - Issued 1,000,000 shares of par value USD 0.01 each held by Parent only	10,000	10,000
Optionally Convertible Preferred Stock:		
Series B - Issued 23,129,051 shares of par value of USD 1 each	23,129,051	23,129,051
Series C - Issued 66,366,925 Shares of par value of USD 1 each	66,366,925	66,366,925

Subsequent to the merger with 3i Infotech Financial Solutions Inc., the Class A Common stock have been increased by 935,187 shares and Series C Optionally convertible preferred stock have been increased by 30,297,500 shares.

Share application money pending allotment, as on Mar 31, 2021 and 2020 was \$ 7,675,000 and \$ 7,700,000 respectively.

Note 11 – Related party transactions

In the ordinary course of business, the Company entered into transactions with entities owned directly/indirectly by the stockholders. Except for the amounts which are loans, as specifically mentioned, all other amounts are not interest bearing and has no fixed repayment term. The nature of

3i INFOTECH INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2021 AND 2020

transaction for the twelve months ended March 31, 2021 and 2020 and closing balance as on March 31, 2021 and 2020 were as follows:

Particulars	As at Mar 31, 2021	As at Mar 31, 2020
3i Infotech Ltd		
<i>Balances</i>		
a) Receivable/(Payable)	\$ (15,372,586)	\$ (49,344,501)
<i>Transactions for the year ended March 31, 2021 and year ended March 31, 2020</i>		
a) Consultancy fees and expenses	1,800,000	1,840,000
b) Cost of Outsourced Resources	2,116,577	2,523,917
c) Outsourced services	943,895	1,021,966
3i Infotech Holdings Private Limited		
<i>Balances</i>		
a) Loan Receivable/(Payable)	(495,000)	(495,000)
b) Interest Receivable/(Payable)	(126,394)	(106,594)
c) Receivable/(Payable)	(3,666)	(3,666)
d) Share Application Money	7,675,000	7,700,000
<i>Transactions for the year ended March 31, 2021 and year ended March 31, 2020</i>		
a) Loan Taken	-	-
b) Interest on Loan	19,800	19,800
3i Infotech BPO Limited		
<i>Transactions for the year ended March 31, 2021 and year ended March 31, 2020</i>		
Cost of outsourced resources	-	-
3i Infotech (Middle East) FZ LLC		
<i>Balances</i>		
a) Receivable/(Payable)	96,102,451	130,285,048
<i>Transactions for the year ended March 31, 2021 and year ended March 31, 2020</i>		
a) Cost of outsourced resources	-	38,240
3i Infotech Asia Pacific Pte. Ltd.		
<i>Balances</i>		
a) Loan receivable/(Payable)	(2,750,000)	(2,750,000)
b) Interest receivable/(Payable)	(1,955,856)	(1,752,013)
<i>Transactions for the year ended March 31, 2021 and year ended March 31, 2020</i>		
a) Interest on loan	203,843	246,425
3i Infotech Sdn Bhd		
<i>Balances</i>		
a) Loan receivable/(Payable)	(1,500,000)	1,500,000
b) Interest receivable/(Payable)	(1,597,621)	(1,486,434)
<i>Transactions for the year ended March 31, 2021 and year ended March 31, 2020</i>		
a) Interest on Loan	111,187	134,414
3i Infotech (Canada) Inc		
<i>Balances</i>		
Receivable/(Payable)	108,167	-
<i>Transactions for the year ended March 31, 2021 and year ended March 31, 2020</i>		
Cost of outsourced resource	108,167	-

3i INFOTECH INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2021 AND 2020

3i Infotech (UK) Ltd		
<i>Balances</i>		
Receivable/(Payable)	8,233	7,406
<i>Transactions for the year ended March 31, 2021 and year ended March 31, 2020</i>		
a) Expenses	817	717
3I INFOTECH NETHERLANDS B.V.		
<i>Balances</i>		
Receivable/(Payable)	360	-
<i>Transactions for the year ended March 31, 2021 and year ended March 31, 2020</i>		
a) Expenses	360	-
3i Infotech Middle East And Africa		
<i>Balances</i>		
Receivable/(Payable)	(13,409)	(11,588)
<i>Transactions for the year ended March 31, 2021 and year ended March 31, 2020</i>		
a) Expenses	1,821	11,588

Note 12 – Retirement Benefits

The Company setup an IRS approved 401(k) defined contribution plan for its employees. There is an age and service period requirement for elective deferral eligibility. Employees are generally eligible to participate following the completion of six months of entry service. The plan does not include qualified automatic contribution arrangement (QACA). The Company provides a discretionary matching contribution of up to 50% of the first 6% of base wages contributed by the participants to the Plan. The Company's matching contributions for the twelve months ended March 31, 2021 and 2020 was \$ 150,542 and \$ 148,366 respectively.

Note 13 - Segment Revenues

The Company's operations comprise only of software services and solutions and the financial statements reflect the performance for the segment as such. Segments are identified taking into account the nature of the business, the differing risks and returns, the organization structure and internal reporting system. Accordingly, the Company has considered only one business segment as the primary segment. The Company presently caters to the domestic market and hence there are no reportable Geographic segments.

Note 14 – Subsequent Events

The Company has evaluated subsequent events through May 17, 2021 the date on which the financial statements were available to be issued. The company does not have any reportable events occurring after the balance sheet date.

Impact of COVID-19 Pandemic: The COVID-19 outbreak in early 2020 has adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. The management is continuously monitoring the impact of the pandemic on its financial statements and has taken certain steps. The Company has taken into account the possible impact of COVID-19 in preparation of the financial statements, including but not limited to its assessment of liquidity and going concern assumption, recoverable values of its financial and non-financial assets and impact on revenues and on cost budgets in respect of fixed price contracts. The Management is not aware of any other matter or circumstance, other than those which are disclosed above or not otherwise dealt with in the Financial Statements that has significantly or may significantly affect the operations of the company in the

3i INFOTECH INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2021 AND 2020

subsequent years, the financial effects of which has not been provided for as of the March 31, 2021. However, the impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

Note 15 – Comparative Statements

Certain comparative figures have been reclassified as needed to confirm to current year's presentation.

VBC & COMPANY
Certified Public Accountants
A Professional Corporation
97 Cedar Grove Lane, Suite 202
Somerset, NJ 08873

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

**To the Stockholder and Board of Directors of,
3i Infotech Inc.**
New Jersey, USA

Our report on our audit of the basic financial statements of 3i Infotech Inc., for the twelve months ended March 31, 2021 and March 31, 2020 appears on page 3. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information representing Cost of Sales and Selling, General and Administration expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such supplemental information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.



VBC & Company
Certified Public Accountants
Somerset, New Jersey
May 17, 2021

3i INFOTECH INC
SUPPLEMENTARY SCHEDULES
FOR THE TWELVE MONTHS ENDED MARCH 31, 2021 and 2020

	2021	2020
Cost of sales		
Payroll and Benefits	\$ 36,022,512	\$ 33,886,907
Contractual Services	43,037	1,970,244
Other Software expenses	25,687	8,841
Outside services	4,317,150	6,874,562
Travel and other project related expenses	100,859	172,688
Total cost of sales	<u>40,509,245</u>	<u>42,913,242</u>
General & administrative expenses		
Advertisement and marketing	\$ 37,324	\$ 31,427
Bank service charges	65,216	63,147
Insurance	128,938	85,436
Legal and professional fees	1,111,278	1,182,933
Maintenance	8,988	13,273
Miscellaneous	17,241	6,651
Office expenses	49,411	41,791
Outside services - SGA	915,308	1,017,442
Postage and delivery	7,974	7,585
Printing and stationery	6,474	6,832
Provision for bad debts	80,709	161,632
Rates and taxes	94,494	74,096
Rent	211,554	179,559
Staff wages and benefits	2,447,912	2,275,244
Telephone	49,985	39,680
Travel	14,057	104,826
Utilities	34,783	31,504
Total general & administrative expenses	<u>\$ 5,281,646</u>	<u>\$ 5,323,058</u>

(See report of independent auditor's, report on supplementaty schedules and accompanying notes to financial statements)