3i INFOTECH INC

AUDITED FINANCIAL STATEMENTS

TWELVE MONTHS ENDED MARCH 31, 2023 AND 2022

x

VBC & COMPANY
Certified Public Accountants
A Professional Corporation
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3i INFOTECH INC.

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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, which comprise the balance sheets as of March 31, 2023 and March 31, 2022, and the related statements of income, retained earnings, and cash flows for the twelve months ended March 31, 2023 and March 31, 2022, 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, 2023 and March 31, 2022, 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.

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.

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.

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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 05, 2023

3i INFOTECH INC
BALANCE SHEETS
AS OF MARCH 31, 2023 AND 2022

	2023	2022
Current assets		
Cash and cash equivalents	$ 874,542	$ 1,382,821
Accounts receivable, net	6,752,291	6,389,353
Unbilled revenue	4,691,926	5,264,047
Employee advances	104,875	228,500
Prepaid expenses	91,363	66,842
Other Current Assets	5,481	359,797
Total current assets	**12,520,479**	**13,691,360**
Property and equipment, net	2,285	5,094
Right - of - use asset	561,350	-
Investments	250,000	-
Other assets		
Security deposits	80,000	30,000
Dues from affiliates	96,984,360	96,621,220
Other advances	470,104	190,244
Total other assets	**97,534,464**	**96,841,464**
Total assets	**$ 110,868,576**	**$ 110,537,918**
Current liabilities		
Accounts payable and accrued liabilities	$ 4,377,903	$ 3,103,569
Accrued Interest	4,204,112	4,021,161
Accrued payroll and payroll taxes	3,189,932	3,071,009
Short term borrowings	3,725,400	2,300,000
Unearned revenue	6,875	59,406
Income taxes payable	-	42,019
Current portion of lease obligations	78,534	-
Total current liabilities	**15,582,755**	**12,597,163**
Other liabilities		
Long-term debt from affiliates	4,745,000	4,745,000
Dues to affiliates	12,836,006	16,378,713
Other liabilities	427,980	52,729
Long term portion of lease obligations	509,643	
Total other liabilities	**18,518,629**	**21,176,442**
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	7,513,000	7,513,000
Accumulated deficit	(73,731,551)	(73,734,430)
Total stockholder's equity	**76,767,190**	**76,764,310**
Total liabilities and stockholder's equity	**$ 110,868,576**	**$ 110,537,918**

(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, 2023 and 2022

	2023	2022
Revenue		
Information Technology Services	$ 46,198,685	$ 50,864,611
Other income	62,330	522,313
Total Revenue	**46,261,015**	**51,386,923**
Cost of revenue	40,272,035	44,640,285
Gross profit	**5,988,980**	**6,746,638**
General and administrative expenses	5,260,720	6,004,645
Income/(Loss) before depreciation and tax	**728,261**	**741,994**
Interest expense	207,989	46,233
Interest expense - Affiliates	510,136	341,289
Depreciation/Amortization	2,810	5,711
Interest expense - Lease liabilities	8,992	-
Depreciation - Lease Assets	17,835	-
Income/(Loss) before income taxes	**(19,501)**	**348,761**
Provision for income tax - current year	29,407	89,823
Prior year tax reversals	(51,787)	(73,219)
Net Profit	**$ 2,879**	**$ 332,156**
Beginning accumulated deficit	**$ (73,734,430)**	**$ (74,066,586)**
Ending accumulated deficit	**$ (73,731,551)**	**$ (73,734,430)**

(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, 2023 and 2022

	2023	2022
Cash flow from operating activities		
Net Profit/loss	**$ 2,879**	**$ 332,156**
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	29,637	5,711
Changes in operating assets and liabilities:		
Trade and other receivables	(362,938)	(2,000,863)
Prepaid and other advances	695,680	126,166
Accounts payable, accrued expenses and other liabilities	1,856,910	1,415,306
Net cash provided by / (used in) operating activities	**2,222,169**	**(121,524)**
Cash flow from investing activities		
Purchase of assets	-	(3,631)
Purchase of Investments	(250,000)	-
Net cash provided by / (used in) investing activities	**(250,000)**	**(3,631)**
Cash flow from financing activities		
Share application money refunded	-	(162,000)
Proceeds/ (repayments) from/to Affiliates - net	(3,905,847)	587,043
Proceeds/ (repayments) from/to borrowings - net	1,425,400	(679,000)
Net cash provided by / (used in) financing activities	**(2,480,447)**	**(253,957)**
Increase (decrease) in cash and cash equivalents	**$ (508,278)**	**$ (379,113)**
Cash and cash equivalents, beginning of period	1,382,820	1,761,933
Cash and cash equivalents, end of period	**$ 874,542**	**$ 1,382,820**
Interest paid	$ 531,551	$ 46,233
Taxes paid	$ 25,120	$ 104,131

(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, 2023 and 2022

	2023	2022
<u>Common stock and paid-in capital</u>		
Balance, beginning of period:		
Common stock	$ 30,332,078	$ 30,332,078
Balance, end of period	**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	**7,513,000**	**7,513,000**
Balance, end of period	**$ 150,498,740**	**$ 150,498,740**
Accumulated deficit		
Balance, beginning of period		
Accumulated deficit	(114,938,489)	(115,270,645)
Security premium	41,204,059	41,204,059
Profit during the year	2,879	332,156
Balance, end of period	**(73,731,550)**	**(73,734,430)**
Total stockholder's equity	**$ 76,767,189**	**$ 76,764,310**

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

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 assumptions.

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.

Investments
The Company has characterized its investments in marketable securities, based on the priority of the inputs used to value the investments, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1),

and lowest priority to unobservable inputs (Level 3). If the inputs used to measure the investments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the accompanying balance sheets are categorized based on the inputs to valuation techniques as follows:
Level 1 – These are investments where values are based on unadjusted quoted prices for identical asset in an active market the Company has the ability to access.
Level 2 – These are investments where values are based on quoted market prices that are not active or model derived valuations in which all significant inputs are observable in active markets.
Level 3 – These are investments where values are derived from techniques in which one or more significant inputs are unobservable.

The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The Company considers all available-for-sale investments as short-term investments. The investments are recorded at fair value. Unrealized gains and losses on these investments are included as a separate component of accumulated other comprehensive income, net of tax.

Non-Marketable Investments: The company accounts for non-marketable equity investments either under the equity or cost method. Investments through which the Company exercise significant influence but do not have control over the investee are accounted for under the equity method. Investments through which the Company are not able to exercise significant influence over the investee are accounted for under the cost method. The Company classify non-marketable investments as non-current assets on the Balance Sheet as those investments do not have stated contractual maturity dates.

Impairment of Investments: The Company periodically reviews investments for impairment. If the Company concludes that any of these investments are impaired, based primarily on the financial condition and near-term prospects of these investments, the Company will determine whether such impairment is other-than-temporary. If any impairment is considered other-than-temporary, impairment is provided and investments are assessed at fair value and record the corresponding charge as other income / (expense), net.

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.

Accounts receivable
Accounts receivables are generated from various commercial entities. Accounts receivables 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 as of March 31, 2023 and 2022 was $ 86,365 and $129,934 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 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.

Leases
The Company adopted ASC 842 with effect from February 1, 2023.There was no impact to the prior – period earnings. When the company is the lessee, all leases with a term of more than 12 months are recognized as right-of-use (ROU) assets and associated lease liabilities in the Balance Sheet. The lease liabilities are determined using the present value of the lease payments not yet paid and the company's incremental borrowing rate, which approximates the rate at which the company would borrow on a secured basis in the country where the lease was executed. The interest rate implicit in the lease is generally not determinable in transactions where the company is the lessee. The ROU asset equals the lease liability adjusted for any initial direct costs (IDCs), prepaid rent and lease incentives. Operating leases are included in operating right-of-use assets–net and lease liabilities in the Balance Sheet. The lease term includes options to extend or terminate the lease when it is reasonably certain that the company will exercise that option.

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. Unbilled revenue as of March 31, 2023 and March 31, 2022 was $ 4,691,926 and $ 5,264,047 respectively.

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, 2023, and 2022 revenue from the top 10 external customers amounted to $ 14,832,161 (representing 32% of revenues) and $ 13,415,523 (representing 26% of revenues) respectively. As of March 31, 2023, and 2022, accounts receivable from these customers were $ 3,440,681 (50% of net accounts receivable) and $ 1,501,948 (representing 24% 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, 2023 and 2022 was $ 2,810 and $ 5,711 respectively. There was no amortization of goodwill for the twelve months ended March 31, 2023 and 2022.

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 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, 2023 and 2022 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.

Note 2 – Advertising Costs

The Company expenses advertising costs in the period incurred. Advertising and Business promotion cost for the twelve months ended March 31, 2023 and 2022 was $ 104,232 and $ 92,732 respectively.

Note 3 – Cash and Cash equivalents

As of March 31, 2023 and 2022, Cash and cash equivalents were $ 874,542 and $ 1,382,821 respectively.

Note 4 – Property and equipment

Property and equipment consisted of:

	March 31, 2023	**March 31, 2022**
Computers, software, furniture & office equipment's	$ 12,325,596	$ 12,325,596
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	(129,568,331)	(129,565,522)
Property and equipment net	**$ 2285**	**$ 5,094**

Depreciation expense for the twelve months ended to March 31, 2023 and 2022 was $ 2,810 and $ 5711 respectively.

Note 5 - Investments

The investments, have been classified as follows

	Level 1	Level 2	Level 3
As on March 31, 2023			
Private equity investments	-	-	$ 250,000

Note 6 – Commitments and Contingencies

The Company adopted ASC 842 with effect from February 1, 2023.Lease assets and liabilities are determined predominantly as the present value of the payments due over the lease term. All leases are recognized as lease liabilities and lease assets on the balance sheet. Lease liabilities represent obligation to make payments arising from the lease. Lease assets represent right to use an underlying asset for the lease term.

Information related to operating lease cost are as follows:

	2023
Operating lease cost*	$ -
Right of use asset	561,350
Lease liabilities	588,177
Weighted average remaining lease term	5.25 Years
Weighted average discount rate	7.5%

*The new lease agreement was effective from February 1, 2023 and the lessor had agreed not to charge rent for the first three months.

The following table presents undiscounted cash outflows for operating leases on annual basis for next five years and thereafter.

	As of March 31, 2023	As of March 31, 2022
Less than one year	$ 131,116	$ 193,443
1-2 years	145,882	198,280
2-3 years	148,830	203,238
3-4 years	151,828	16,971
4-5 years	154,886	-
>5 years	13,123	
Total	**$ 745,665**	**$ 611,932**

Security deposit related to lease for office premises as on March 31, 2023 and 2022 was $ 30,000.

Total rent expense for all of these operating leases for the twelve months ended March 31, 2023 and 2022 was $ 196,806 and $ 215,509 respectively.

The Company had 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:

	As of March 31, 2023	As of March 31, 2022
Less than one year	-	$ 37,680
1-2 years	-	37,680
2-3 years	-	37,680
3-4 years	-	-
4-5 years	-	-
Total	-	**$ 113,040**

Security deposit received related to the warehouse sub lease is as of March 31, 2023 and 2022 was $ 5,600 and $ 5,600.

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, 2023	March 31, 2022
Current taxes	$ 29,407	$ 89,823
Total current taxes	**29,407**	**89,824**
Prior period taxes	(51,787)	(73,219)
Tax provision for the year	**(22,380)**	**16,604**

Components of deferred tax assets and liabilities:

	As of March 31, 2023	As of March 31, 2022
Deferred Income tax assets:		
Provision for bad debts	$ 18,137	$ 27,286
Interest expenses accrued	882,864	844,444
NOL available	205,658	78,019
Deferred income tax asset	**1,106,658**	**949,749**
Deferred income tax liabilities:		
Depreciation	(81,474)	(61,930)
Deferred income tax liabilities	**(81,474)**	**(61,930)**
Net deferred tax asset	**1,025,185**	**887,819**
Less: Valuation allowance	(1,025,185)	(887,819)
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 any uncertain tax liabilities or benefits that could materially affect the effective tax rate. The federal tax years ended March 31, 2022, March 31, 2021, 2020 and 2019 were open as of the report date. The tax return for March 31, 2023 is yet to be filed as of the date of issuance of these financial statements. Management regularly assesses the tax risk of the company's return filing positions for all open years.

Note 8 – Line of credit

On December 11, 2009, the Company had obtained a line of credit from State Bank of India(SBI), California Branch, USA, for $ 3,000,000 and the bank has a first charge on the current assets of the company. Company and the bank entered into a new agreement and as per the new terms, the line of credit had been increased to $ 4,500,000. The Current maturity date for the line of credit is December 31, 2023. The current interest rate fixed by the bank is 100 basis points over WSJ Prime Floating with a floor of 7.5%. 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.

On January 19, 2018, the Company obtained a $ 250,000 (Limit increased to $ 500,000) revolving line of credit from State Bank of India(SBI), California Branch, USA, and the bank has a first charge on the current assets of the company. The current maturity of the loan is December 31, 2023. The current interest rate fixed by the bank is 100 basis points over WSJ Prime Floating with a floor of 7.5%. 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 balance outstanding as of March 31, 2023 and 2022 was $ 3,725,400 and $ 2,300,000 respectively. Interest expenses for the twelve months ended March 31, 2023 and 2022 was $ 207, 989 and $ 46,233 respectively.

Note 9 – Litigation and 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, 2023	March 31, 2022
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, 2023	March 31, 2022
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

Share application money pending allotment, as on Mar 31, 2023 and 2022 was $ 7,513,000.

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 transaction for the twelve months ended March 31, 2023 and 2022 and closing balance as on March 31, 2023 and 2022 were as follows:

Particulars	As at Mar 31, 2023	As at Mar 31, 2022
3i Infotech Ltd		
Balances		
a) Receivable/(Payable)	$ (13,177,043)	$ (16,538,744)
Transactions for the year ended March 31, 2023 and year ended March 31, 2022		
a) Consultancy fees and expenses	873,291	1,478,000
b) Cost of Outsourced Resources	3,774,131	3,542,802
c) Outsourced services	92,426	1,015,492
3i Infotech Holdings Private Limited		
Balances		
a) Loan Receivable/(Payable)	(495,000)	(495,000)
b) Interest Receivable/(Payable)	(162,372)	(142,572)
c) Receivable/(Payable)	(3,666)	(3,666)
d) Share Application Money	7,513,000	7,513,000
Transactions for the year ended March 31, 2023 and year ended March 31, 2022		
a) Loan Taken	-	-
b) Interest on Loan	19,800	19,800
3i Infotech (CYPRUS) Limited		
Balances		
Receivable		12,000
Transactions for the year ended March 31, 2023 and year ended March 31, 2022		
Expenses receivable / write off	12,000	-
3i Infotech (Middle East) FZ LLC		
Balances		
a) Receivable/(Payable)	96,102,451	96,217,451
Transactions for the year ended March 31, 2023 and year ended March 31, 2022		

a) Cost of outsourced resources	-	-
3i Infotech Asia Pacific Pte. Ltd.		
Balances		
a) Loan receivable/(Payable) b) Interest receivable/(Payable) c) Other receivables	(2,750,000) (2,205,096) 363,865	(2,750,000) (2,163,879) 173,865
Transactions for the year ended March 31, 2023 and year ended March 31, 2022		
a) Interest on loan	317,276	208,022
3i Infotech Sdn Bhd		
Balances		
a) Loan receivable/(Payable) b) Interest receivable/(Payable)	(1,500,000) (1,836,644)	(1,500,000) (1,711,088)
Transactions for the year ended March 31, 2023 and year ended March 31, 2022		
a) Interest on Loan	173,060	113,466
3i Infotech (Canada) Inc		
Balances		
Receivable/(Payable)	280,524	276,927
Transactions for the year ended March 31, 2023 and year ended March 31, 2022		
Cost of outsourced resource	85,757	114,640
3i Infotech (UK) Ltd		
Balances		
a) Loan receivable/(Payable) b) Interest receivable/(Payable) c) Other receivables	300,000 18,760 276,982	- - 109,200
Transactions for the year ended March 31, 2023 and year ended March 31, 2022		
a) Expenses receivable b) Interest on loan	2,782 18,760	967
3I INFOTECH NETHERLANDS B.V.		
Balances		
Receivable/(Payable)	5,643	5,643
Transactions for the year ended March 31, 2023 and year ended March 31, 2022		
a) Expenses	-	-
3i Infotech Middle East And Africa		
Balances		
Receivable/(Payable)	(19,163)	(13,791)
Transactions for the year ended March 31, 2023 and year ended March 31, 2022		
a) Expenses	5,372	382

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, 2023 and 2022 was $ 208,914 and $ 211,479 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 5, 2023 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 subsequent years, the financial effects of which has not been provided for as of the March 31, 2023. 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, 2023 and March 31, 2022 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 05, 2023

3i INFOTECH INC
SUPPLEMENTARY SCHEDULES
FOR THE TWELVE MONTHS ENDED MARCH 31, 2023 and 2022

	2023	2022
Other Income		
Other Income	$ 18,760	$ -
Provision no longer required	43,569	522,313
Total Other Income	**62,330**	**522,313**
Cost of sales		
Payroll and Benefits	$ 26,861,354	$ 33,826,866
Contractual Services	4,739,848	6,048,184
Other Software expenses	784,883	191,871
Outside services	7,795,126	4,435,799
Travel and other project related expenses	90,824	137,565
Total cost of sales	**40,272,035**	**44,640,285**
General & administrative expenses		
Advertisement and marketing	$ 104,232	$ 92,732
Bad debts	596,130	1,124,151
Bank service charges	65,172	60,348
Insurance	227,365	135,616
Legal and professional fees	1,131,732	964,763
Maintenance	24,512	9,097
Miscellaneous	62,154	13,189
Office expenses	90,984	53,377
Postage and delivery	4,301	8,615
Printing and stationery	7,632	9,317
Rates and taxes	77,757	98,647
Rent	196,806	215,509
Staff wages and benefits	2,557,048	3,048,157
Telephone	29,410	34,673
Travel	73,136	101,172
Utilities	12,347	35,283
Total general & administrative expenses	**$ 5,260,720**	**$ 6,004,645**

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