ALLIED DIGITAL SERVICES, LLC.

FINANCIAL STATEMENTS

March 31, 2022

RAM ASSOCIATES, CPAS

3240 East State Street Ext.
Hamilton, NJ 08619
Tel:609 631 9552/ 609 631 9553
Fax: 888 319 8898
email: pkram@ramassociates.us

ALLIED DIGITAL SERVICES, LLC.

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INDEPENDENT AUDITOR'S REPORT

To the Members'
of Allied Digital Services, LLC.

Opinion

We have audited the accompanying financial statements of Allied Digital Services, LLC (a Delaware limited liability company), which comprise the balance sheet as of March 31, 2022, and the related statements of income, statement of changes in members' equity, and cash flows for the year then ended, 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 Allied Digital Services, LLC as of March 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Allied Digital Services, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Allied Digital Services, LLC'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 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 Allied Digital Services, LLC'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 Allied Digital Services, LLC'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.

Ram Associates

Ram Associates

Hamilton, NJ

May 13, 2022

ALLIED DIGITAL SERVICES, LLC.

Balance Sheet

March 31, 2022

ASSETS

Current assets :		
Cash	$	6,421,157
Accounts receivable (net of allowances $ 55,384)		17,151,135
Inventories		13,741
Other current assets		1,957,521
Receivable from related parties		9,696,505
Loan receivable - current portion		660,000
Total current assets		35,900,059
Property and equipment, net		207,282
Loan receivable - long-term portion		594,000
Deferred tax assets		209,508
Deferred expense - long-term portion		2,301,681
Deposits		45,864
TOTAL ASSETS	**$**	**39,258,394**

LIABILITIES AND MEMBERS' EQUITY

Current liabilities :		
Accounts payable and accrued expenses	$	16,081,627
Payroll liabilities		2,458,535
Current portion of long-term debt		660,000
Deferred revenue		388,017
Total current liabilities		19,588,179
Long-term liabilities :		
Long-term debt - net of current portion		2,665,000
Loan payable to related party		124,724
Total current and long-term liabilities		22,377,903
Members' equity :		
Members' capital		6,000,000
Retained earnings		10,880,491
Total members' equity		16,880,491
TOTAL LIABILITIES AND MEMBERS' EQUITY	**$**	**39,258,394**

- See accompanying notes to financial statements -

ALLIED DIGITAL SERVICES, LLC.

Statement of Income

For The Year Ended March 31, 2022

Revenue		
Sales income	$	55,168,902
Cost of revenue		40,553,121
Gross profit		14,615,781
Operating expenses		
Selling, general and administration expenses		8,216,295
Net operating income before other income (expenses)		6,399,486
Other income (expenses)		
Other income - PPP loan forgiven		3,219,918
Interest expenses		7,626
Amortization		(962,885)
Depreciation		(54,151)
Total other income (expenses)		2,210,508
Income before income taxes		8,609,994
Income tax expense		
Federal income tax		1,007,063
State income tax		306,098
Deferred income tax		43,081
Total income tax expense		1,356,242
Net income	$	7,253,752

ALLIED DIGITAL SERVICES, LLC.

Statement of Changes in Members' Equity

For The Year Ended March 31, 2022

	Members' capital	Retained earnings	Total members' equity
Balance at March 31, 2021	$ 6,000,000	$ 3,626,739	$ 9,626,739
Net income		7,253,752	7,253,752
Balance at March 31, 2022	$ 6,000,000	$ 10,880,491	$ 16,880,491

ALLIED DIGITAL SERVICES, LLC.

Statement of Cash Flows

For The Year Ended March 31, 2022

Cash flows from operating activities	
Net income	$ 7,253,752
Adjustment to reconcile net income to net cash used in	
operating activities	
Depreciation and amortization	1,017,036
Deferred income tax	43,081
Foregiveness of PPP loan	(3,219,918)
Changes in assets and liabilities :	
(Increase) / decrease in :	
Accounts receivable	(5,951,214)
Inventory	(1,794)
Other current assets	(625,664)
Receivable from related parties	(1,742,982)
Deferred expense - long-term portion	(2,364,566)
Increase / (decrease) in :	
Accounts payable and accrued expenses	3,772,453
Payroll liabilities	424,210
Deferred revenue	(7,820)
Total adjustments	(8,657,178)
Net cash used in operating activities	(1,403,426)
Cash flows from investing activities	
Purchase of property and equipment	(222,774)
Decrease in loan receivable	561,000
Net cash provided by investing activities	338,226
Cash flows from financing activities	
Increase in long-term debt	1,510,000
Net cash provided by financing activities	1,510,000
Net increase in cash and cash equivalents	444,800
Cash at the beginning of the year	5,976,357
Cash at the end of the year	$ 6,421,157

Supplementary disclosure of cash flows information:

Cash paid during the year for:

Income taxes	$ 1,030,169
Interest	7,626

1) Organization and Description of Business

Allied Digital Services, LLC ("ADSL" or "the Company"), formerly En Pointe Global Services, LLC, was formed in Delaware as a limited liability company on July 2, 2008. The Company is a global IT solutions and managed services provider to Profit, Not for Profit and Govt. large enterprises. ADSL enables its customers to reduce their total cost of IT ownership and improve end-user IT support through a broad catalog of IT services offerings.

ADSL IT Infrastructure management services deliver comprehensive, strategic and focused IT solutions to improve customers technology, business processes and thereby provide significant monetary and non-monetary value addition. The ADSL services catalogue includes following:

a. Comprehensive Cloud solutioning and services.
b. Cyber Security Services from assessment, deployment and managing.
c. Internet of Things- Smart Cities, Building, facilities management.
d. IT Infrastructure Managed Services – Network Operation Center, Security Operation Center, Multilingual Global Service Desk, Global onsite IT support.
e. Software development services, Custom, Artificial Intelligence, Machine Learning and Robotic Process Automation.
f. Workplace Management Services.

2) Summary of Significant Accounting Policies

Accounting Policies

These financial statements are prepared on the basis of the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP"); consequently, revenue is recognized when products and services are sold, and expenses reflected when costs are incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are often based on judgments, probabilities, and assumptions that management believes are reasonable but that are inherently uncertain and unpredictable. As a result, actual results could differ from those estimates. Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based on such periodic evaluations.

Revenue Recognition

We recognize revenues as we transfer control of deliverables (products, solutions and services) to our customers in an amount reflecting the consideration to which we expect to be entitled. To recognize revenues, we apply the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied. We account for a contract when it has approval and commitment from all parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. We apply judgment in determining the customer's ability and intention to pay based on a variety of factors including the customer's historical payment experience.

For performance obligations where control is transferred over time, revenues are recognized based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the deliverables to be provided.

Revenues related to fixed-price contracts for application development and systems integration services, consulting or other technology services are recognized as the service is performed using the cost-to-cost method, under which the total value of revenues is recognized based on the percentage that each contract's total labor cost to date bears to the total expected labor costs. Revenues related to fixed price application maintenance, testing and business process services are recognized based on our right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If our invoicing is not consistent with value delivered, revenues are recognized as the service is performed based on the cost-to-cost method described above. The cost to cost method requires estimation of future costs, which is updated as the project progresses to reflect the latest available information; such estimates and changes in estimates involve the use of judgment. The cumulative impact of any revision in estimates is reflected in the financial reporting period in which the change in estimate becomes known and any anticipated losses on contracts are recognized immediately.

Revenues related to our time-and-materials, transaction-based or volume-based contracts are recognized over the period the services are provided either using an output method such as labor hours, or a method that is otherwise consistent with the way in which value is delivered to the customer.

We assess the timing of the transfer of goods or services to the customer as compared to the timing of payments to determine whether a significant financing component exists. As a practical expedient, we do not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is a year or less. If the difference in timing arises for reasons other than the provision of finance to either the customer or us, no financing component is deemed to exist. The primary purpose of our invoicing terms is to provide customers with simplified and predictable ways of purchasing our services, not to receive or provide financing from or to customers. We do not consider set up or transition fees paid upfront by our customers to represent a financing component, as such fees are required to encourage customer commitment to the project and protect us from early termination of the contract.

Trade Receivables, Contract Assets and Contract Liabilities

We classify our right to consideration in exchange for deliverables as either a receivable or a contract asset. A receivable is a right to consideration that is unconditional (i.e., only the passage of time is required before payment is due). For example, we recognize a receivable for revenues related to our time and materials and transaction or volume-based contracts when earned regardless of whether amounts have been billed. We present such receivables in "Trade accounts receivable, net" in our statements of financial position at their net estimated realizable value. A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets are presented in "Other current assets" in our statements of financial position and primarily relate to unbilled amounts on fixed-price contracts utilizing the cost to cost method of revenue recognition. Our contract liabilities, or deferred revenue, consist of advance payments and billings in excess of revenues recognized. We classify deferred revenue as current or noncurrent based on the timing of when we expect to recognize the revenues. The noncurrent portion of deferred revenue is included in "Other noncurrent liabilities" in our statements of financial position.

The beginning and ending contract balances were as follows:

	March 31, 2022	March 31, 2021
Accounts receivable	$ 17,151,135	$ 11,199,921
Deferred revenue	388,017	395,837

Allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts to provide for the estimated amounts of receivables that may not be collected. The allowance is based upon an assessment of customer creditworthiness, historical payment experience, the age of outstanding receivables and other applicable factors. We evaluate the collectability of our trade accounts receivable on an on-going basis and write off accounts when they are deemed to be uncollectable.

The Company recognizes revenue from information technology services as the services are provided. Service revenues are recognized based on contracted hourly rates, as services are rendered or upon completion of specified contracted services and acceptance by the customer. Deferred revenue results from customer prepayment of services and maintenance contracts. Occasionally managed services are pre-billed quarterly, and income is recognized as services are performed. The Company's maintenance contracts are generally for services that may be performed over a one-year period. Income is recognized on such contracts rateably over the period of the contract.

Cash and Cash Equivalents

The Company considers all highly liquid investments (including money market funds) with an original maturity at acquisition of three months or less to be cash equivalents. The Company maintains cash balances, which may exceed federally insured limits. The Company does not believe that this results in any significant credit risk.

Accounts Receivable

The Company extends credit to clients based upon management's assessment of their creditworthiness on an unsecured basis. The Company provides an allowance for uncollectible accounts based on historical experience and management evaluation of trend analysis. The Company includes any balances that are determined to be uncollectible in its allowance for doubtful accounts. The allowances for uncollectible accounts as of March 31, 2022, were $55,384. Based on the information available, management believes the Company's accounts receivable, net of allowance for doubtful accounts, are collectible.

Inventory

Inventory consists of finished goods, spare parts which is stated at the lower of cost or market using the first-in, first-out method. The Company inventory is immaterial in terms of value. The Company also carry inventory of IT assets of the customers purchased and provided by the customer. The company also carry inventory of IT assets on behalf of its customer and also disposes based on customer direction.

Property and Equipment

Property and equipment are stated at cost. The Company provides for depreciation of property and equipment using the straight-line method over the estimated useful lives of the related assets ranging from 3 to 7 years. Leasehold improvements are amortized using the straight-line method over the shorter of the lease terms or the useful lives of the improvements. The Company charges repairs and maintenance costs that do not extend the lives of the assets to expenses as incurred.

The Company accounts for computer software costs developed for internal use in accordance with accounting principles generally accepted in the Unites States, which require companies to capitalize certain qualifying costs during the application development stage of the related software development project and to exclude the initial planning phase that determines performance requirements, most data conversion, general and administrative costs related to payroll and training costs incurred. Whenever a software program is considered operational, the Company considers the project to be completed, places it into service, and commences amortization of the development cost in the succeeding month.

Income Taxes

The Company is a Limited Liability Company and is not liable for Federal income tax in the ordinary course of business. Effective from fiscal year ended March 31, 2013, the Company has elected to be taxed as a C Corporation. Income taxes have been provided for using an assets and liability approach in which deferred tax assets and liabilities are recognized for the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the years in which the differences are expected to reverse. A valuation allowance is provided for the portion of deferred tax assets when, based on available evidence, it is not "more-likely-than-not" that a portion of the deferred tax assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rate and laws.

Fair Value of Financial Instruments

FASB ASC 820, *Fair Value Measurements and Disclosures* defines fair value and establishes a hierarchy for reporting the reliability of input measurements used to assess fair value for all assets and liabilities. FASB ASC 820 defines fair value as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Certain financial instruments are carried at cost on the balance sheet, which approximates fair value due to their short-term, highly liquid nature. These instruments include cash, accounts receivable, accounts payable and accrued expenses and other liabilities.

Concentrations

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and trade receivables. Credit risks associated with trade receivables is minimal due to the Company's customer base which consist of large customer base and ongoing procedures, which monitor the credit worthiness of its customers. For the year ended March 31, 2022, sales to five major customers accounted for 84% of total revenue. These same customers accounted for 82% of the accounts receivable balance at March 31, 2022. The Company also procure AR Insurance and during the FY Coface was AR insurance provider.

The Company maintains cash balances in one financial institution. The balances are generally insured by the Federal Deposit Insurance Corporation up to $250,000 (valid through December 31, 2022 per institution. As on March 31, 2022, the Company had uninsured cash balances totalling $5,973,867 held in one institution. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Shipping and Handling

Shipping and handling cost are recorded as part of cost of revenue and amounted to $245,175 for the year ended March 31, 2022.

Advertising Costs

The Company expenses advertising cost as and when incurred. Advertising expenses for the year ended March 31, 2022 was $ Nil.

3) Property and Equipment

At March 31, 2022 property and equipment consisted of the following:

Computer Software and Applications	$	724,937
Computer Equipment and Peripherals		955,755
Warehouse Equipment		48,295
Office Furniture and Fixtures		158,546
Vehicles		16,702
Office Equipment		1,300
Gross Fixed Assets		1,905,535
Less: Accumulated Depreciation and Amortization		(1,698,253)
Net Fixed Assets	$	207,282

Depreciation expenses during the year ended March 31, 2022, was $ 54,151.

4) Intangible Assets

Goodwill is not subject to amortization for financial reporting purposes but is expected to be fully deductible over 15 years for income tax purposes. The Company has also entered into a trademark and licensing agreement to acquire ten years usage rights in United States of the brands owned by its parent company. The Company periodically reviews the carrying value of intangible assets not subject to amortization, including goodwill, to determine whether impairment may exist. Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards No. 350, Goodwill and Other Intangible Assets requires that goodwill and certain intangible assets be assessed annually for impairment using fair value measurement techniques. During the year ended March 31, 2022 no such impairment was assessed.

Other Intangible assets consist of licensing agreement which authorized ADSL to use the brands of ADSL-IN. ADSL-IN authorized ADSL to use its brand for 10 years for a total value of $1,848,384. At March 31, 2022, the brand was fully amortized and the balance was $Nil.

5) Deferred Expenses

The Company has entered into long-term infrastructure support and Aditaas usage agreement with ADSL-IN. The Company has paid in advance towards the total cost of the support and usage agreements (refer note 11).

Deferred expenses consisted of the following at March 31, 2022:

	Costs	Accumulated Amortization	Balance
Infrastructure 1st Agreement	$ 2,799,647	$ 2,799,647	$ -
Infrastructure 2nd Agreement	1,785,390	1,785,390	-
Infrastructure 3rd Agreement	279,653	279,653	-
Infrastructure 1st Agreement	2,531,357	336,181	2,185,176
Infrastructure 2nd Agreement	31,163	4,155	27,008
ADITAAS Licences	1,500,000	600,000	900,000
Total	$ 8,927,210	$ 5,805,026	$ 3,112,184

Amortization expenses during the year ended March 31, 2022, were $ 962,885.

Estimated amortization expenses for deferred expenses for each of the next four years are as follows:

Year ending March 31,

	Infrastructure		ADITAAS
	1st Agreement	2nd Agreement	
2023	$ 504,271	$ 6,233	$ 300,000
2024	504,271	6,233	300,000
2025	504,271	6,233	300,000
2026	504,271	6,233	-
2027	168,092	2,076	-
Total	$ 2,185,176	$ 27,008	$ 900,000

6) Loan Receivable

The Company entered into a loan agreement on December, 2018 with Allied Digital Services Ltd. ("ADSLIN") holding 51% membership in the Company. As per the agreement, the Company shall extend a loan of Three Million Three hundred thousand US Dollars. The loan agreement was sanctioned by the same bank that provided the term loan (refer note 8). The Company shall issue debit memos for the amounts owed by ADSL-IN for this loan against the monthly services provided by ADSL-IN to the Company. ADSL-IN shall, in the event of shortfall in the debit memo amount compared to the loan amortization schedule, pay the shortfall amount in US dollars. The scheduled monthly payment includes the principal and interest amounts. As of March 31, 2022, the outstanding balance of the Loan Receivable is $1,254,000.

7) Employee Benefit Plan

The Company has an employee savings plan (the "401(k) Plan") that covers substantially all full-time employees who are twenty-one years of age or old. The Company's contributions to the 401 (k) Plan are at the discretion of the plan administrators and fiduciary. All qualifying matching contributions are 100% vested at the completion of six months of service by an employee. The Company matches per annum 25% of the employee contribution up to maximum amount of $1,000 or $250, whichever is lower. For the year ended March 31, 2022, the Company's matching contribution to the plan was $53,259

8) Revolving Line of Credit

In August 2012, Company started having revolving credit line facility with Avid Bank. As of March 31, 2022, Company has lesser of (i) the revolving line of $5,000,000 or (ii) the borrowing base which is equal to 80% of the eligible accounts receivable. The advances will bear interest, on the outstanding daily balance thereof, at a per annum rate equal to one and one-half percent (1.5%) above the Prime Rate. The agreement was amended on December, 2021 to extend the maturity date to December 31, 2023. The Company has an outstanding balance of NIL as of March 31, 2022, which is classified under line of credit in the accompanying financial statement. The credit line facility is secured by company assets. As of March 31, 2022, the current interest rate was 5.00%.

9) Global Pandemic

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Company operates. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic.

To date, the Company has not experienced any major consequences or loss of business which will materially impact the financial conditions of the Company.

Paycheck Protection Program

The Company was advanced a loan by Small Business Administration ('SBA') of $3,219,918 in April 2020, under the Payroll Protection Program ('PPP') of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act or the Act). The Paycheck Protection Program is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll under the COVID-19 pandemic.

Section 1106 of the Act provides for forgiveness of up to the full principal amount of qualifying loans guaranteed under the Paycheck Protection Program. SBA will forgive the loan if all employee retention criteria are met, and the funds are used for eligible expenses.

The amount of PPP loan of $3,219,918 is classified under Other Income as the Company has been granted full forgiveness on June 17, 2021.

10) Long-Term Debt

Loan from Avid Bank

The Company has entered into a Term Loan Agreement on January 22, 2015 with Avid Bank to avail a credit facility for Two Million US Dollars. The Company as of October, 2021 amended the loan agreement to avail a single cash in the principal amount of Two Million One Hundred Eighty Thousand Dollars ($2,180,000) which was further amended on December, 2021 to increase the principal amount to Three Million Three Hundred Thousand Dollars ($3,500,000). The advances will bear interest, on the outstanding daily balance thereof, at a per annum rate equal to one- and one-half percent (1.5%) above the Prime Rate. The loan is subject to the Company meeting the financial covenants set forth. The loan amount is secured by all the assets of the Company. The term loan has to be repaid in sixty equal monthly instalments in the principal amount of $58,333 (based on a 60-month amortization schedule starting from December 31, 2021). As of March 31, 2022, balance outstanding on the term loan was $3,325,000. As of March 31, 2022, the current interest rate was 5.00%.

The repayment schedule for the loan is as follows at March 31:

2023	$	699,966
2024		699,966
2025		699,966
2026		699,966
2027		525,136
Total	$	3,325,000

Loan from Parent Company

The parent company, ADSL-IN provided a loan of $2,500,000 to ADSL to pay off the outstanding loan balance due to Barclays Bank PLC. The balance due to ADSL-IN as of March 31, 2022 on account of the payoff is $124,724. These advances are non-interest bearing and now can be paid any time.

11) Related Party Transactions

Periodic Mutual Services:

Allied Digital Services Ltd. ("ADSL-IN") and Allied Digital Inc ("ADI" - 100% owned by ADSL-IN) is the managing member with 80.50% ownership interest in

ADSL. ADSL-IN provides to and receives from ADSL a number of services. These services may be provided in support of each other's customers or to support internal infrastructure. ADSL-IN provides number of services viz IT Remote management, global help desk, project management, sales & marketing, recruitment, back-office support, security consulting, software development, Aditaas licensing, Adiinsight and solution development of any new offerings for USA or Global market. Cost plus transfer price contract has been signed and services are bought and delivered by way of contracts/purchase orders from ADSL and vice versa. ADSL-IN provide most of these services remotely from India and also send technical staff and developers to the USA as the case be. During the year ended March 31, 2022, ADSL-IN provided services to ADSL totaling $10,012,689, including accrual of $701,249. ADSL invoiced ADSL-IN $831,146 for the year ended March 31, 2022. At March 31, 2022, ADSL has a net receivable balance of $122,734 due from ADSL-IN.

During the year ended March 31, 2022, ADSL paid $2,287 on behalf of Allied Digital INC., $1,491 on behalf of ADCI and $496 on behalf of ADAP-Australia towards various expenses. ADSL Ireland, ADSL-UK, ADSL-China and ADSL-Japan are subsidiaries of ADSL-IN. During the year ended March 31, 2022, ADSL paid $312,385 on behalf of ADSL Ireland, $357,261 on behalf of ADSL-UK. ADSL paid $7,896 on behalf of ADSL-China and ADSL paid $749,223 on behalf ADSL-Japan of towards various expenses.

During the year ended March 31, 2022 ADSL received services of $347,464 and $279,220 from ADSL Ireland and ADSL-UK, respectively.

At March 31, 2022, ADSL had receivable of $28,736, $8,449 and $26,400 due from ADI, ADCI and ADAP-Australia, respectively. At March 31, 2022 ADSL had receivable of $Nil from ADSL Ireland and payable of $39,952 to ADSL Ireland. At March 31, 2022 ADSL had receivable of $Nil from ADSL-UK and payable of $76,380 to ADSL-UK. At March 31, 2022 ADSL had receivable of $749,223 and payable $Nil from ADSL-Japan and ADSL had receivable of $7,896 and payable $Nil from ADSL-China.

Infrastructure services:

(i) Original agreement: ADSL-IN and ADSL entered into an infrastructure agreement which provided for the use of space, servers and personnel for the operations carried out from the premises located in Mumbai of ADSL-IN. The agreement provided for charges of $23,330 per month. ADSL has paid to ADSL-IN the charges in advance for 5 years to enable ADSL-IN to build the infrastructure. As of March 31, 2021. Effective September 30, 2016 ADSL and ADSL-IN have signed an Amendment No. 1 to the original infrastructure agreement. The amendment impacts the monthly charges as follows, the charges of $23,330 per month for the original agreement were reduced to $18,503 per month.

(ii) Effective September 30, 2016 ADSL and ADSL-IN have signed an Amendment No. 1 to the original infrastructure agreement; the parties amended the agreement based on substantial increase in scope. The increase in scope of amendment No. 1 totals an additional cost of $1,785,390. The amendment will continue through July 31, 2021, as the original infrastructure agreement, unless otherwise modified by future amendment signed by the authorized representatives of both parties. Amendment No. 1 results in an additional cost per month of $27,896.

(iii) Effective April 1, 2019 ADSL and ADSL-IN have signed an Amendment No. 2 to the original infrastructure agreement; the parties wish to amend the agreement based on substantial increase in area of occupancy and development by ADSL-IN for ADSL-US requirements. The increase in scope of amendment No. 2 totals an additional cost of $279,654. The amendment will continue through July 31, 2021, Amendment No. 2 results in an additional cost per month of $9,988. Original and both amendments as mentioned in sub point (i) and (ii) above have been fully completed and satisfied by both parties on July 31st, 2021.

iv) Effective August 1, 2021 ADSL and ADSL-IN have signed a new Infrastructure agreement as all previous ones are completed and expired. As per new agreement ADSL has paid amount of $ 2,521,358 to ADSL-IN to provide infrastructure services from India to ADSL for 60 months. Also an additional cost of purchase of equipment's of $ 31,162. The amendment will be continue through July 31, 2026.

iv) ADSL-IN and ADSL had entered an Aditaas agreement in year 2015 which provided for the use of licenses and support for ADSL customers on integrated service delivery platform. The agreement provides for charges of $25,000 per month. ADSL had paid to ADSL-IN the charges in advance to enable ADSL-IN to use the application. Original SPLA agreement has expired on March 31, 2020 and the term of this agreement is renewed for another 5 years up to 2025 for the same amount.

In addition, ADSL has also accrued and paid $360,000 for Aditaas new versions development charges to ADSL-IN. ADSL will continue to pay such new developments costs as long as needed.

The parent company, ADSL-IN had provided a loan of $2,500,000 to ADSL to pay off the outstanding loan balance due to Barclays Bank PLC. The balance due to ADSL-IN as of March 31, 2022 is $124,724.

During the year ended March 31, 2022, the Company had four immediate family members of the Chairman of the parent company on the payroll. Total payroll expenses for such related party for the year ended March 31, 2022 was $1,069,439.

12) Income Tax

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The deferred tax assets (liabilities) at March 31, 2022 are as follows:

	March 31, 2022
Property and equipment	$ 54,162
Provision for doubtful debts	11,631
Deferred expenses	143,715
Total deferred tax asset (liability)	$ 209,508

Income tax expense (benefit) was computed as follows:

	March 31, 2022
Federal income tax	$ 1,007,063
State income tax	306,098
Total income taxes, current provision	1,313,161
Deferred income taxes expense (benefit)	43,081
Total income taxes expenses (benefit)	$ 1,356,242

The Company's effective tax rate is 25.10% for year ended March 31, 2022. The future effective income tax rate depends on various factors, such as the Company's income (loss) before taxes, tax legislation and the geographic composition of pre-tax income.

The Company's provision for income taxes differs from applying the statutory U.S. federal income tax rate to income before income taxes. The primary differences result from different State income tax effective rates that were used in the accrual for the income provision for financial statement purposes versus the actual rate realized on the income tax returns.

The Company files its income tax returns on a fiscal year basis. The Company files income tax returns in the U.S. federal jurisdiction, and various State jurisdictions. The Company is generally no longer subject to U.S. Federal, State and local examinations by tax authorities for the years before 2018.

13) New Accounting Pronouncements

i) In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) ("ASU 2016-02"), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. In addition, a lessee is required to record (i) a right-of-use asset and a lease liability on its balance sheet for all leases with accounting lease terms of more than 12 months regardless of whether it is an operating or financing lease and (ii) lease expense in its consolidated statement of operations for operating leases and amortization and interest expense in its statement of operations for financing leases. Leases with a term of 12 months or less may be accounted for similar to prior guidance for operating leases today. In July 2018, the FASB issued ASU No. 2018-11, Leases (Topic 842), which added an optional transition method that allows companies to adopt the standard as of the beginning of the year of adoption as opposed to the earliest comparative period presented. In November 2019, the FASB issued guidance delaying the effective date for all entities, except for public business entities. For nonpublic entities, this guidance is effective for annual periods beginning after December 15, 2020. In June 2020, the FASB issued additional guidance delaying the effective date for all entities, except for public business entities. For public entities, ASU 2016-02 was effective for annual periods beginning after December 15, 2018, including interim periods within those fiscal years. For nonpublic entities, this guidance is effective for annual periods beginning after December 15, 2021. Early adoption is permitted. The Company is currently evaluating the impact that the adoption of ASU 2016-02 will have on its financial statements.

ii) In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes (“ASU 2019-12”), which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in ASC 740 and also clarifies and amends existing guidance to improve consistent application. For public entities, ASU 2019-12 is effective for annual periods beginning after December 15, 2020, and interim periods within those reporting periods. For nonpublic companies, ASU 2019-12 is effective for annual periods beginning after December 15, 2021, and interim periods within those reporting periods. Early adoption is permitted. The Company is currently evaluating the impact that the adoption of ASU 2019-12 will have on its financial statements.

iii) In March 2020, the FASB issued ASU 2020-04, Facilitation of the Effects of Reference Rate Reform on Financial Reporting which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by the discontinuation of the London Interbank Offered Rate (“LIBOR”) or by another reference rate expected to be discontinued. This guidance is effective for all entities upon issuance on March 12, 2020 and may be applied through December 31, 2022. The expedients and exceptions in this guidance are optional, and the Company is evaluating the potential future financial statement impact of any such expedient or exception that it may elect to apply as the Company evaluates the effects of adopting this guidance on its financial statements.

iv) In October 2021, the FASB released ASU 2021-08—Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers. For public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption of the amendments is permitted, including adoption in an interim period. The Company is currently evaluating the impact that the adoption of ASU 2016-02 will have on its consolidated financial statements.

v) In November 2021, the FASB issued ASU 2021-10—Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance. The amendments in this Update are effective for all entities within their scope for financial statements issued for annual periods beginning after December 15, 2021. Early application of the amendments is permitted. The Company is currently evaluating the impact that the adoption of ASU 2016-02 will have on its consolidated financial statements.

14) Commitments

Legal Matters

The Company is or has been involved in legal proceedings that arise from the normal course of business. The Company cannot predict the timing or outcome of these claims and other proceedings. The management, in all instances, intends to vigorously defend all false claims and false allegations brought against it in the normal course of business. Currently, the Company is not involved in any action, arbitration and / or other legal proceedings that it expects to have a material adverse effect on the business, financial condition, results of operations or liquidity of the Company. All legal cost is expensed as incurred.

Operating Lease

The Company entered into an agreement to lease office space expiring through October 2020. The Lease Term was extended for a period of thirty-nine (39) months (the "1st Amendment Extension"), commencing November 1, 2020 and expiring on January 31, 2024. From and after the date hereof, all references to "Lease Term" in the Original Lease or this First Amendment shall be deemed references to the Lease

Term, as extended by this First Amendment, and all references to the Lease Expiration Date shall be deemed references to the Amended Expiration Date. Accounting principles generally accepted in the United States, require the recognition of rental expense in financial statements on a level basis over the term of the lease. In order, to recognize rent expense ratably over the term of the lease, management has accrued additional rent expense of approximately $99,937 in operations. The future minimum rental payments under the lease agreement are as follows:

For the Period ended March 31,	Torrance Office	Warehouse
2023	$ 364,730	$ 102,448
2024	303,941	85,374
Total	$ 668,671	$ 187,822

For the year ended March 31, 2022, rent expense were $ 378,905

15) Subsequent Events

For the year ended March 31, 2022, the Company has evaluated subsequent events through May 13, 2022, the date which the financial statements were available to be issued. No reportable subsequent events have occurred through May 13, 2022 which would have a significant effect on the financial statements as of March 31, 2022 except as otherwise disclosed.