SEQRITE TECHNOLOGIES DMCC
DUBAI, UNITED ARAB EMIRATES

Annual report and financial statements

Year ended March 31, 2023

SEQRITE TECHNOLOGIES DMCC, DUBAI, UNITED ARAB EMIRATES

Annual report and financial statements for the year ended March 31, 2023

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SEQRITE TECHNOLOGIES DMCC, DUBAI, UNITED ARAB EMIRATES

Directors' report

The Directors have pleasure in submitting their annual report and financial statements of Seqrite Technologies DMCC, Dubai ("the Company") for the year ended March 31, 2023.

Activities

The principal activities of the Company continue to be trading of computer softwares, anti-virus softwares, computer and data processing requisites, computer equipment requisites and computer electric accessories.

Financial position

During the year, the Company has achieved a revenue of AED 263,621 (2022: AED 358,577) and the net assets at the year end amounted to AED 308,656 (2022: AED 304,730).

Auditors

A resolution to reappoint BDO Chartered Accountants & Advisors as the auditors for the ensuing year will be put to the members at the Annual General Meeting.

For and on behalf of Board of Directors

Kailash Katkar
Manager
April 17, 2023

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Statement of financial position as at March 31, 2023

	Note	AED	2022 AED
Non current assets			
Office equipment	5	607	1,647
Current assets			
Trade and other receivables	6	84,960	24,472
Due from related party	7	-	11,047
Bank balances		410,147	293,833
Total current assets		495,107	329,352
Current liabilities			
Accruals and other payables	8	86,309	26,269
Due to related party	7	100,749	-
Total current liabilities		187,058	26,269
Net assets		308,656	304,730
Equity			
Share capital	9	300,000	300,000
Retained earnings		8,656	4,730
Total equity		308,656	304,730

The financial statements have been approved by the Board of Directors on April 17, 2023 and are signed on its behalf by:

Kailash Katkar
Manager

The notes on pages 8 to 15 form part of these financial statements

SEQRITE TECHNOLOGIES DMCC, DUBAI, UNITED ARAB EMIRATES

Statement of comprehensive income for the year ended March 31, 2023

	Note	AED	2022 AED
Revenue		**263,621**	358,577
Cost of sales	7	**(263,621)**	(358,570)
Gross loss		**-**	7
Other income	10	**64,318**	439,056
		64,318	439,063
Administration, selling and general expenses	11	**(60,392)**	(410,329)
Net profit for the year		**3,926**	28,734

The notes on pages 8 to 15 form part of these financial statements

SEQRITE TECHNOLOGIES DMCC, DUBAI, UNITED ARAB EMIRATES

Statement of changes in equity for the year ended March 31, 2023

	Share capital AED	(Accumulated deficit) / retained earnings AED	Total equity AED
Balance at April 1, 2021	300,000	(24,004)	275,996
Net profit for the year	-	28,734	28,734
Balance at March 31, 2022	**300,000**	**4,730**	**304,730**
Net profit for the year	-	3,926	3,926
Balance at March 31, 2023	**300,000**	**8,656**	**308,656**

The notes on pages 8 to 15 form part of these financial statements

SEQRITE TECHNOLOGIES DMCC, DUBAI, UNITED ARAB EMIRATES

Statement of cash flows for the year ended March 31, 2023

			2022
Cash flows from operating activities	**Note**	**AED**	**AED**
Net profit for the year		**3,926**	**28,734**
Adjustments for:			
Depreciation on office equipment	5	**1,040**	**2,353**
Operating profit before working capital changes		**4,966**	**31,087**
(Increase)/decrease in trade and other receivables	6	**(60,488)**	**14,714**
Decrease in due from related party	7	**11,047**	**12,252**
Increase/(decrease) in accruals and other payables		**60,040**	**(1,560)**
Increase in due to related party	7	**100,749**	**-**
Cash generated from operations		**116,314**	**56,493**
Net cash generated from operating activities		**116,314**	**56,493**
Cash flows from investing activities			
Purchase of office equipment	5	-	(4,000)
Net cash used in investing activities		-	(4,000)
Net increase in cash and cash equivalents		116,314	52,493
Cash and cash equivalents at beginning of the year		293,833	241,340
Cash and cash equivalents at end of the year		410,147	293,833

The notes on pages 8 to 15 form part of these financial statements

1 Status and activity

Seqrite Technologies DMCC, Dubai ("the Company") is a Company with limited liability registered under the Implementing Regulations 2020 issued by Dubai Multi Commodity Centre Authority (DMCCA).

The principal activities of the Company include trading of computer softwares, anti-virus softwares, computer and data processing requisites, computer equipment requisites and computer electric accessories.

The principal place of business of the Company is located at Unit No. 741, DMCC Business Centre, Level No 1, Jewellery & Gemplex 3, Dubai, United Arab Emirates.

The Company is wholly owned subsidiary of Quick Heal Technologies Limited (the "Parent Company"), a Public listed company registered in India.

The financial statements for the year ended March 31, 2023 were authorised for issue by the Director on April 17, 2023.

These financial statements are presented in United Arab Emirates Dirhams (AED).

2 Basis of preparation

The financial statements of the Company have been prepared in accordance with the 'International Financial Reporting Standards for Small and Medium-sized Entities' (IFRS for SMEs). The Company does not have public accountability as it neither has debt or equity instruments which are traded in a public market nor it is in the process of issuing such instruments. The Company also does not hold assets in a fiduciary capacity for a broad group of outsiders as one of its primary business. The financial statements have been prepared under historical cost convention, except where otherwise stated in the accounting policies below. The financial statements also comply with the applicable provisions of the Implementing Regulations 2020 issued by Dubai Multi Commodity Centre Authority (DMCCA).

3 Significant accounting policies

The significant accounting policies adopted by the Company are as follows:

Office equipment

Office equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of replacing a part of office equipment is recognized in the carrying amount of the items if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably.

An item of office equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of office equipment is determined as the difference between the sales proceeds and the carrying value of the assets and it is recognised in the statement of comprehensive income.

Office equipment is subsequently measured at cost less accumulated depreciation and impairment.

Depreciation

Depreciation is provided consistently on the straight line basis so to write off the cost of office equipment over its estimated useful life of 3 years.

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3 Significant accounting policies *(Continued)*

Financial assets

The Company's financial assets are classified into the following specified categories: cash and cash equivalents, debt instruments measured at amortised cost, financial assets at fair value through profit or loss and financial assets that are equity instruments measured at cost less impairment (where fair value is not available without undue cost or effort).

Financial asset is classified as a debt instrument measured at amortised cost where it results in a fixed amount or a fixed rate of return or a variable return benchmarked to a quoted or observable interest rate, over the life of the financial instrument. For these financial assets, there is no contractual and conditional provision that could, by its terms result in the holder losing the principal amount or any interest attributable to current or prior periods.

Other debt and equity instruments are classified as fair value through profit or loss except for equity instruments which are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort. Such equity instruments are measured at cost less impairment.

The initial recognition of all the financial assets is at transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are subsequently measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction for debt instruments at amortised cost. If the arrangement constitutes a financing transaction, the Company measures the debt instrument at amortised cost, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument as determined at initial recognition.

The amortised cost of a financial asset comprise of the amount at which financial asset is measured at initial recognition together with cumulative amortisation using the effective interest method less repayments and impairment.

The Company's debt instruments at amortised cost comprise of trade and other receivables (excluding prepayments) that have fixed or determinable payments.

The Company's equity instruments comprise of other financial assets which are recognised at cost less impairment.

The Company derecognises a financial asset when either:

- the contractual rights to the cash flows from the financial asset expire or are settled;
- the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the Company has transferred control of the asset to another party and the other party has the practical unilateral ability to sell the asset in its entirety to an unrelated third party

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include bank balances free of encumbrance.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

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3 Significant accounting policies *(Continued)*

Financial liabilities (Continued)

Fair value through profit or loss

They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. The Company does not have any liabilities which is to be designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities include due to related party and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Arab Emirates Dirham' (AED), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Impairment

(1) Financial assets

A financial asset is assessed at each reporting date to determine whether a financial asset or group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired. Where such evidence exists, the Company recognises an allowance for impairment.

The carrying amount of the financial asset classified as debt instrument at amortised cost is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. For other financial assets, impairment is calculated as the difference between the carrying amount of the asset and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases, and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

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3 Significant accounting policies *(Continued)*

Impairment (Continued)

(2) Non-financial assets (other than inventories)

Assets that are subject to depreciation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

Provision for employees' end of service benefits

Provision is made for employees' end of service benefits on the basis prescribed in the UAE Labour Law, for the accumulated period of service at the date of statement of financial position. As at the date of the financial statement, there were no employees employed by the Company and no provision has been created.

Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments.

Revenue recognition

Revenue from sale of goods is recognised when the Company has transferred significant risks and rewards of ownership to the buyer and it is probable that the Company will receive the agreed upon payment. These criteria are considered to be met when the goods are delivered to the buyer. Where the buyer has a right of return, the Company defers recognition of revenue until the right to return has lapsed.

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3 Significant accounting policies *(Continued)*

Value Added Tax (VAT)

VAT liability is recorded in the financial statements of the Company based on the requirements of the regulations as defined by the Federal Tax Authority (FTA).

Expenses and assets are recognized net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of value added tax included

The net amount of value added tax payable or receivable to the taxation authority is included as part of other payables/other receivables in the financial statements.

4 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 3, the management makes certain judgments, estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful life of office equipment

Office equipment are depreciated over their useful economic life which is based on estimates for expected usage of the asset and expected physical wear and tear which are dependent on operational factors. Management has not considered any residual value as it is deemed immaterial.

Allowance for bad and doubtful debts

An allowance for bad and doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to uncollectibility. These factors include an analysis of the overall quality and aging of receivables, continuing credit evaluation of the customers' financial conditions and collateral requirements from customers in certain circumstances.

5 Office equipment

Movements in office equipment are given on page 15.

6 Trade and other receivables

		2022
	AED	**AED**
Trade receivables	**62,697**	-
VAT receivable	**-**	1,118
Deposits	**2,300**	2,300
Trade and other receivables at amortised cost	**64,997**	3,418
Add: Prepayments	**19,963**	21,054
	84,960	24,472

6 Trade and other receivables *(Continued)*

Movement in allowance for bad and doubtful debts is as under:

		2022
	AED	AED
Opening balance	-	27,026
Written off from allowance	-	(27,026)
	-	-

7 Related party disclosures

Related parties include the Parent Company, key management personnel and any businesses which are controlled directly or indirectly by the Company or over which they exercise significant management influence. The balances due to such parties, which have been disclosed separately in the financial statements, are unsecured, interest free and are repayable on demand.

The significant related party transactions during the year are as follows:

		2022
	AED	AED
Parent:		
- Purchase	**263,621**	358,570
- Marketing fee (Note 10)	**64,269**	438,963

Related party balances are as under:

		2022
	AED	AED
Payables:		
- Parent	**100,749**	-
Receivables :		
- Parent	-	11,047

8 Accruals and other payables

		2022
	AED	AED
Advances received from customers	**65,968**	**7,904**
Accruals	**20,185**	**18,365**
VAT payable	**156**	**-**
	86,309	**26,269**

9 Share capital

		2022
	AED	AED
Authorised and issued capital:		
300 shares of AED 1,000 each	300,000	300,000

10 Other income

		2022
	AED	AED
Marketing fee*	64,269	438,963
Exchange gain	49	93
	64,318	439,056

*Marketing fee represents the amount recharged to parent company which is calculated based on cost plus an agreed mark-up rate of 7% on cost incurred in accordance with the terms of the distribution agreement.

11 Administration, selling and general expenses

		2022
	AED	AED
Staff salaries and benefits	-	287,895
Rent and license fees	34,376	35,991
Legal and professional fees	20,183	18,366
Bank charges	3,271	4,464
Advertisement expenses	-	36,725
Communication	-	4,858
Travel and conveyance	-	3,626
Insurance	-	13,256
Depreciation on office equipment	1,040	2,353
Other	1,522	2,795
	60,392	410,329

12 Contingent liabilities

There were no material contingent liabilities at the date of statement of financial position.

13 Corporate tax

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023. Generally, UAE businesses will be subject to a 9% CT rate and a rate of 0% will apply to taxable income not exceeding a particular threshold to be prescribed by way of a Cabinet Decision. Further, there are some critical decisions that are yet to be finalised by way of a Cabinet Decision that are significant for the entity in order to determine its tax status and the taxable income. The Company shall continue to monitor the timing of the issuance of these critical cabinet decisions to determine their tax status and the application of Section 29 - Income Tax of the IFRS for SMEs. The Company is in the process of assessing the possible impact on its financial statements, both from current and deferred tax perspective.

14 Comparative figures

Previous year's figures, which were not material, have been regrouped or reclassified wherever necessary to make them comparable with those of the current year.

Schedule of office equipment

	Office equipment
Cost	**AED**
At April 1, 2021	-
Additions during the year	4,000
At March 31, 2022 and March 31, 2023	**4,000**
Accumulated Depreciation	
At April 1, 2021	-
Charge for the year	2,353
At March 31, 2022	2,353
Charge for the year	1,040
As at March 31, 2023	**3,393**
Net book value	
At March 31, 2023	**607**
At March 31, 2022	1,647

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