

# N S PAGE AND COMPANY

## CHARTERED ACCOUNTANTS

### **Independent Auditor's Report To the Members of Quick Heal Technologies America Inc.**

Report on the standalone financial statements

I have audited the accompanying standalone financial statements of Quick Heal Technologies America Inc. ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flow and the statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the standalone financial statements**

The Company's Board of Directors is responsible for the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

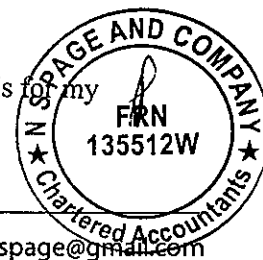
My responsibility is to express an opinion on these standalone financial statements based on my audit.

I have taken into account requirements of Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended.

I conducted my audit of the standalone financial statements in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the standalone financial statements.



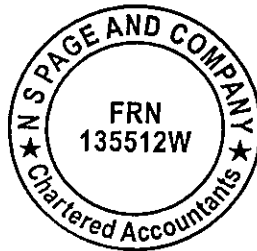
**Opinion**

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid standalone financial statements give the information in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year then ended.

For **N S PAGE AND COMPANY**  
Chartered Accountants  
Firm's registration number: 135512W

*N Page*

**Nitin Page**  
Proprietor  
Membership number: 134636



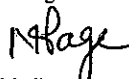
Pune  
Date:

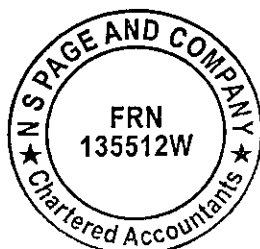
Quick Heal Technologies America Inc.  
 Balance sheet as at 31 March 2017  
 (Amounts in USD unless otherwise stated)

Particulars	Notes	As at		
		31 March 2017	31 March 2016	1 April 2015
<b>ASSETS</b>				
(1) Non-current assets				
(a) Property, plant and equipment	3	13,867	19,019	-
(b) Other intangible assets	3	41	110	-
(c) Financial assets				
(i) Loans	4	-	2,614	2,550
		13,908	21,743	2,550
(2) Current assets				
(a) Inventories	5	-	1,194	-
(b) Financial assets				
(i) Trade receivables	6	8,270	1,629	2,123
(ii) Cash and cash equivalents	7	216,133	116,241	369,449
(iii) Other advances	8	-	228	4,593
(c) Current tax assets (net)	9	-	125	125
(d) Other current assets	10	-	-	-
		224,403	119,417	376,290
<b>Total assets</b>		<b>238,312</b>	<b>141,160</b>	<b>378,840</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity share capital	11	923,000	130,000	30,000
(b) Other equity	12	(728,149)	(346,036)	(59,860)
		194,851	(216,036)	(29,860)
<b>Liabilities</b>				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	13	-	37,846	153,756
		-	37,846	153,756
(2) Current liabilities				
(a) Financial liabilities				
(i) Trade and other payables	14	42,755	110,501	56,970
(ii) Other financial liabilities	13	-	208,849	197,974
(b) Current tax liabilities (net)	15	706	-	-
		43,461	319,350	254,944
<b>Total equity and liabilities</b>		<b>238,312</b>	<b>141,160</b>	<b>378,840</b>
Summary of significant accounting policies	2			

The accompanying notes are an integral part of these financial statements

As per our report of even date  
 For N S PAGE AND COMPANY  
 Chartered Accountants  
 Firm registration number: 135512W

  
 Nitin Page  
 Proprietor  
 Membership Number: 134636  
 Place:  
 Date:



For and on behalf of the Board of directors  
 Quick Heal Technologies America Inc.

Kailash Katkar  
 Director  
 DIN: 00397191  
 Place:  
 Date:

Quick Heal Technologies America Inc.

Statement of profit and loss for the period ended 31 March 2017

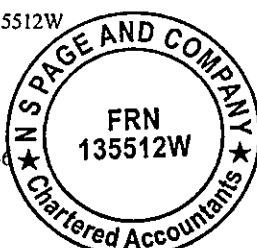
(Amounts in USD unless otherwise stated)

	Particulars	Note	Year ended	
			31 March 2017	31 March 2016
(I)	Revenue from operations	16	51,919	26,405
(II)	Other income	17	53,658	22,023
(III)	<b>Total income</b>		<b>105,577</b>	<b>48,428</b>
(IV)	<b>Expenses</b>			
	Purchase of stock-in-trade	18	29,655	16,040
	Changes in inventories of stock-in-trade	19	-	(1,194)
	Employee benefits expense	20	205,240	199,015
	Finance cost	21	1,935	11,664
	Depreciation and amortisation expense	3	5,481	2,530
	Other expenses	22	119,114	229,655
	<b>Total expenses</b>		<b>361,425</b>	<b>457,710</b>
(V)	Profit/(loss) before exceptional items and tax (I- IV)		(255,848)	(409,282)
(VI)	Exceptional items		-	-
(VII)	Profit/(loss) before tax (V-VI)		(255,848)	(409,282)
(VIII)	Less : Tax expense			
	(1) Current tax	24	1,265	1,894
	(2) Deferred tax		-	-
(IX)	<b>Profit (Loss) for the period from operations (VII-VIII)</b>		<b>(257,113)</b>	<b>(411,176)</b>
(X)	<b>Other comprehensive income</b>			
	Items that will not be reclassified to profit or loss (net of tax)		-	-
	Items that will be reclassified to profit or loss (net of tax)		-	-
	<b>Total other comprehensive income (net of tax)</b>		<b>-</b>	<b>-</b>
(XI)	<b>Total comprehensive income for the period (IX+X) (Comprising profit (loss) and other comprehensive income for the period)</b>		<b>(257,113)</b>	<b>(411,176)</b>
(XII)	<b>Loss per equity share (for continuing and discontinued operation):</b>	25		
	(1) Basic		(0.41)	(5.95)
	(2) Diluted		(0.41)	(5.95)
	Summary of significant accounting policies	2		

The accompanying notes are an integral part of these financial statements

As per our report of even date  
For N S PAGE AND COMPANY  
Chartered Accountants  
Firm registration number: 135512W

Nitin Page  
Proprietor  
Membership Number: 134636  
Place:  
Date:



For and on behalf of the Board of directors  
Quick Heal Technologies America Inc.

Kailash Katkar  
Director  
DIN: 00397191  
Place:  
Date:

Quick Heal Technologies America Inc.

Cash flow statement for the period ended 31 March 2017

(Amounts in USD unless otherwise stated)

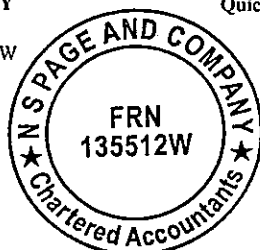
Particulars	Year ended	
	31 March 2017	31 March 2016
<b>A. Cash flow from operating activities</b>		
Profit before tax for the period	(255,848)	(409,282)
Adjustments to reconcile profit for the year to net cash generated from operating activities:		
Depreciation and amortization expense	5,481	2,530
Interest expense	1,439	10,869
Provision for non-moving inventory	1,194	-
Operating profit before working capital changes	(247,734)	(395,883)
Changes in operating assets and liabilities		
(Increase) / decrease in non-current loans	2,614	(64)
(Increase) / decrease in inventories	-	(1,194)
(Increase) / decrease in trade receivable	(6,641)	494
(Increase) / decrease in other current advances	228	4,365
(Increase) / decrease in other current assets	-	-
Increase / (decrease) in trade and other payables	(67,746)	53,531
Cash generated from operating activities	(319,279)	(338,751)
Income tax paid	(435)	(1,894)
Net cash used in operating activities (A)	(319,714)	(340,645)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and other intangible assets	(260)	(21,659)
Net cash used in investing activities (B)	(260)	(21,659)
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity share capital	668,000	100,000
Share application money received	-	125,000
Proceeds from / (repayment of) unsecured loan (net)	(246,126)	(105,604)
Interest paid on unsecured loan	(2,008)	(10,300)
Net cash generated from / (used in) financing activities (C)	419,866	109,096
Net increase / (decrease) in cash and cash equivalents (A + B + C)	99,892	(253,208)
Cash and cash equivalents at the beginning of the period	116,241	369,449
Cash and cash equivalents at the end of the period	216,133	116,241
<b>Components of cash and cash equivalents</b>		
Cash on hand	-	-
Balances with banks		
On current account	216,133	116,241
Total cash and cash equivalents	216,133	116,241

Summary of significant accounting policies - Refer note 2

The accompanying notes are an integral part of these financial statements

As per our report of even date  
For N S PAGE AND COMPANY  
Chartered Accountants  
Firm registration number: 135512W

*N Page*  
Nitin Page  
Proprietor  
Membership Number: 134636  
Place:  
Date:



For and on behalf of the Board of directors  
Quick Heal Technologies America Inc.

Kailash Katkar  
Director  
DIN: 00397191  
Place:  
Date:

Quick Heal Technologies America Inc.

Statement of changes in equity for the period ended 31 March 2017

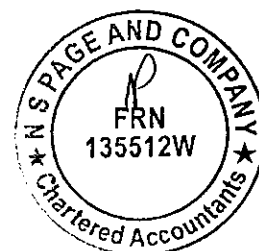
(Amounts in USD unless otherwise stated)

A. Equity share capital

Balance as at 1 April 2015	Changes in equity share capital during the year	Balance as at 31 March 2016
30,000	100,000	130,000
Balance as at 1 April 2016	Changes in equity share capital during the period	Balance as at 31 March 2017
130,000	793,000	923,000

B. Other equity

Particulars	Share application money pending allotment	Reserves and surplus	Total
		Retained earnings	
Balance at the beginning of the reporting period as at 1 April 2015 as per Indian GAAP	-	(59,860)	(59,860)
Ind AS adjustments		-	-
Balance at the beginning of the reporting period as at 1 April 2015	-	(59,860)	(59,860)
Share application money received, pending allotment	125,000		125,000
Profit / (Loss) for the year		(411,176)	(411,176)
Balance as at 31 March 2016	125,000	(471,036)	(346,036)
Balance as at 1 April 2016	125,000	(471,036)	(346,036)
Allotment of shares for share application money received	(125,000)		(125,000)
Profit / (Loss) for the year		(257,113)	(257,113)
Balance as at 31 March 2017	-	(728,149)	(728,149)



**Quick Heal Technologies America Inc.**

**Notes to the financial statements for the year ended 31 March 2017**

*(Amounts in USD unless otherwise stated)*

**1 Company overview**

**1.1 General information**

Quick Heal Technologies America Inc. ("the Company") is a private limited Company domiciled in the United States of America and incorporated in January 2012. The Company is engaged in the business of providing internet security software. The Company is wholly owned subsidiary of Quick Heal Technologies Limited.

The principal place of business and registered address of the Company is Massachusetts, USA.

**1.2 Basis of preparation**

The financial statements of the Company have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments. The accounting policies are consistently applied by the Company during the period and are consistent with those used in previous year except for the changes in accounting policies required to be made on adoption of Indian Accounting Standards notified under the Companies Act, 2013.

**1.3 Statement of compliance**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and the adoptions was carried out in accordance with Ind AS 101: First time adoption of Indian Accounting Standards. For first time adoption note refer 'Note 23'

**2 Summary of significant accounting policies**

**(a) Use of estimates**

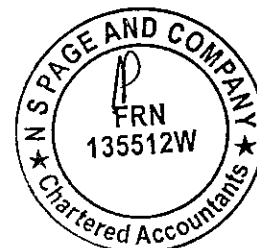
The preparation of the financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities at the end of period / year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**(b) Property, plant and equipment**

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of property, plant and equipment that are not ready to be put to use.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it is probable that future economic benefits associated with the item will flow to the Company. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period / year during which such expenses are incurred.

Gains or losses arising from disposal of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.



**(c) Intangible assets**

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

**(d) Depreciation and amortization**

Depreciation on Property, Plant and Equipment is provided using the Written Down Value Method ('WDV') over the useful lives of the assets estimated by the management. Intangible assets are amortized on a straight line basis over their estimated useful lives commencing from the day the asset is made available for use.

The management estimates the useful lives for the Property, Plant and Equipment as follows:

Assets	Useful lives (Years)
Computers	3
Furniture and fixtures	10
Office equipment	5
Computer - Server	6
Leasehold improvements	10
Software	3

**(e) Impairment of property, plant and equipment and other intangible assets**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

**(f) Financial instruments**

**i) Financial assets**

**Initial recognition and measurement**

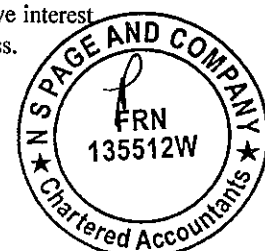
Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

**Subsequent measurement**

For the purpose of subsequent measurement, financial assets are classified as:

**- Financial assets at amortized cost**

Financial assets that are held within a business model whose objective is to hold assets for collecting contractual cash flows and whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance income in the statement of profit and loss.





**- Financial assets at fair value through other comprehensive income (FVTOCI)**

Financial assets that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets and the assets' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding are subsequently measured at fair value. Fair value movements are recognized in other comprehensive income.

**- Financial assets at fair value through profit or loss (FVTPL)**

Any financial asset which does not meet the criteria for categorization as financial instruments at amortized cost or as FVTOCI, is classified as financial instrument at FVTPL. Financial instruments included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss.

**ii) Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**- Financial liabilities at amortized cost**

Financial liabilities such as loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance costs in the statement of profit and loss.

**- Financial liabilities at fair value through profit or loss (FVTPL)**

Financial liabilities include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss if the recognition criteria as per Ind AS 109 are satisfied. Gains or losses on liabilities held for trading are recognized in statement of profit and loss. Fair value gains or losses on liabilities designated as FVTPL attributable to changes in own credit risk are recognized in other comprehensive income. All other changes in fair value of liabilities designated as FVTPL are recognized in the statement of profit and loss. The Company has not designated any financial liability as at FVTPL.

**iii) Impairment**

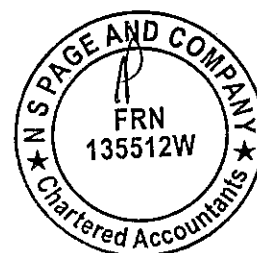
**Financial assets**

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets measured at amortized cost and financial assets that are debts instruments and are measured at fair value through other comprehensive income (FVTOCI). ECL is the difference between contractual cash flows that are due and the cash flows that the Company expects to receive, discounted at the original effective interest rate.

For trade receivables, the Company recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For other financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

**(g) Foreign currency translation**

The Company presents the financial statements in USD which is also the functional currency.



**Initial recognition**

Foreign currency transactions are recorded in the functional currency of the Company, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

**Conversion**

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the values were determined.

**Exchange differences**

Exchange differences arising on conversion / settlement of foreign currency monetary items and on foreign currency liabilities are recognized as income or expenses in the period / year in which they arise.

**(h) Revenue recognition**

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

**Sale of internet security products**

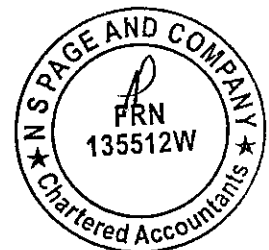
Revenue from sales of internet security products is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on dispatch of the goods to its customers.

**(i) Inventories**

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Traded goods are valued at lower of cost and net realizable value. Cost included cost of purchase and other costs incurred in bringing the inventories to present location and condition. Cost is determined on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.



**(j) Income taxes**

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable temporary differences, except deferred tax liability arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, except deferred tax assets arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realized.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which such deferred tax assets can be realized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized in co-relation to the underlying transaction either in other comprehensive income or directly in equity.

**(k) Leases**

**Where the Company is lessee**

**Operating lease:**

Lease arrangements under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease rental under operating lease are recognised in the statement of profit and loss on a straight line basis.

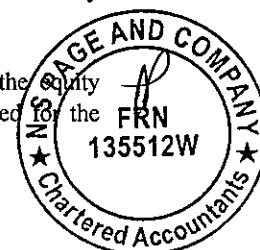
**(l) Short-term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences (which cannot be carried forward) such as paid annual leave, overseas social security contributions and performance incentives.

**(m) Earnings per share (EPS)**

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.



**(n) Provisions**

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

**(o) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**(p) Cash & cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**(q) Standards issued but not yet effective**

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Company from April 1, 2017.

**Amendment to Ind AS 7:**

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

**Amendment to Ind AS 102:**

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

Since the Company does not have cash settled awards or awards with net settlement features, this amendment does not have any effect on the financial statements of the Company.



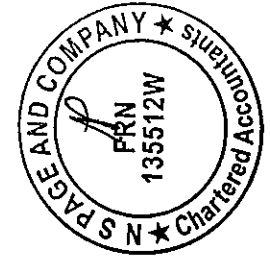
Quick Heal Technologies America Inc.

Notes to the financial statements for the year ended 31 March 2017

(Amounts in USD unless otherwise stated)

Note 3: Property, plant and equipment and other intangible assets

Particulars	Property, plant and equipment					Intangible assets		Grand total
	Computers	Computer - Server	Office equipment	Leasehold improvements	Furniture and fixtures	Total	Software	
<b>Gross block</b>								
As at 1 April 2016	927	212	1,328	17,900	1,083	21,450	209	21,659
Additions during the period	260	-	-	-	-	260	-	260
Disposals during the period	-	-	-	-	-	-	-	-
As at 31 March 2017	1,187	212	1,328	17,900	1,083	21,710	209	21,919
<b>Accumulated depreciation and amortisation</b>								
As at 1 April 2016	440	22	299	1,475	195	2,431	99	2,530
Charge for the period	390	75	464	4,253	230	5,412	69	5,481
Depreciation on deletions	-	-	-	-	-	-	-	-
As at 31 March 2017	830	97	763	5,727	425	7,843	168	8,011
<b>Net block</b>								
As at 31 March 2017	357	115	565	12,173	658	13,867	41	13,908
As at 31 March 2016	487	190	1,029	16,425	888	19,019	110	19,129
<b>Gross block</b>								
As at 1 April 2015	-	-	-	-	-	-	-	-
Additions during the year	927	212	1,328	17,900	1,083	21,450	209	21,659
Disposals during the year	-	-	-	-	-	-	-	-
As at 31 March 2016	927	212	1,328	17,900	1,083	21,450	209	21,659
<b>Accumulated depreciation and amortisation</b>								
As at 1 April 2015	-	-	-	-	-	-	-	-
Charge for the year	440	22	299	1,475	195	2,431	99	2,530
Depreciation on deletions	-	-	-	-	-	-	-	-
As at 31 March 2016	440	22	299	1,475	195	2,431	99	2,530
<b>Net block</b>								
As at 31 March 2016	487	190	1,029	16,425	888	19,019	110	19,129
As at 1 April 2015	-	-	-	-	-	-	-	-



Quick Heal Technologies America Inc.

Notes to the financial statements for the year ended 31 March 2017

(Amounts in USD unless otherwise stated)

Note 4: Loans

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
<b>Non-current financial asset</b>			
Security deposits			
Unsecured, considered good	-	2,614	2,550
<b>Total</b>	<b>-</b>	<b>2,614</b>	<b>2,550</b>

Note 5: Inventories

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
Traded goods - Unified threat machine	1,194	1,194	-
Less: Provision for non-moving inventory	(1,194)	-	-
<b>Total</b>	<b>-</b>	<b>1,194</b>	<b>-</b>

Note 6: Trade receivables

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
Unsecured, considered good	8,270	1,629	2,123
<b>Total</b>	<b>8,270</b>	<b>1,629</b>	<b>2,123</b>

Note 7: Cash and cash equivalents

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
<b>Balances with banks:</b>			
On current account	216,133	116,241	369,449
<b>Total</b>	<b>216,133</b>	<b>116,241</b>	<b>369,449</b>

Note 8: Other advances

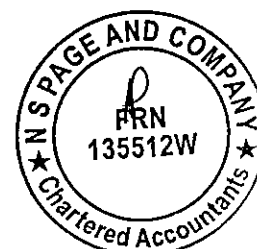
Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
<b>Advances recoverable in cash or kind</b>			
Unsecured, considered good	-	228	4,593
<b>Total</b>	<b>-</b>	<b>228</b>	<b>4,593</b>

Note 9: Current tax assets (net)

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
Advance income tax (net of provision for tax)	-	125	125
<b>Total</b>	<b>-</b>	<b>125</b>	<b>125</b>

Note 10: Other current assets

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
Prepaid expenses	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>



Quick Heal Technologies America Inc.  
Notes to the financial statements for the year ended 31 March 2017  
(Amounts in USD unless otherwise stated)

Note 11: Equity share capital

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
Authorised shares 17,50,000 (31 March 2016: 1,30,000 ; 1 April 2015: 30,000) Equity shares of USD 1 each	1,750,000	130,000	30,000
	1,750,000	130,000	30,000
Issued, subscribed and fully paid-up share capital 9,23,000 (31 March 2016: 1,30,000 ; 1 April 2015: 30,000) Equity shares of USD 1 each fully paid	923,000	130,000	30,000
Share application money pending allotment	-	125,000	-

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period / year

Particulars	As at			
	31 March 2017		31 March 2016	
	No.	(USD)	No.	(USD)
At the beginning of the year - Equity Shares	130,000	130,000	30,000	30,000
Issued during the year - Equity Shares	793,000	793,000	100,000	100,000
At the end of the year	923,000	923,000	130,000	130,000

(b) Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of USD 1 per share. Each holder of the equity shares is entitled to one vote per share. The Company declares and pays dividend in USD. The dividend proposed by Board of Directors is subject to approval of the shareholders in ensuing Annual General Meeting. During the year ended 31 March 2017 the amount per share dividend recognised as distribution to equity shareholders was Nil (31 March 2016 : Nil ; 1 April 2015 : Nil)  
In the event of liquidation of the Incorporation , the holders of ordinary equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

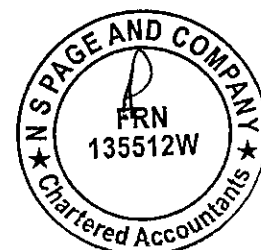
(c) Shares held by holding / ultimate holding company and / or their subsidiaries/ associates

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
	Number	Number	Number
Quick Heal Technologies Limited, the holding company 9,23,000 (31 March 2016: 1,30,000 ; 1 April 2015: 30,000) equity shares of USD 1 each fully paid	923,000	130,000	30,000

(d) Details of shareholders holding more than 5% shares in the Company

Particulars	As at					
	31 March 2017		31 March 2016		1 April 2015	
	No.	% holding	No.	% holding	No.	% holding
Equity shares of USD 1 each fully paid up Quick Heal Technologies Limited, the holding company	923,000	100%	130,000	100%	30,000	100%

The shareholding information has been extracted from the records of the company including register of shareholders / members and is based on legal ownership of shares.



Quick Heal Technologies America Inc.

Notes to the financial statements for the year ended 31 March 2017

(Amounts in USD unless otherwise stated)

Note 12: Other equity

Particulars	As at	
	31 March 2017	31 March 2016
<b>Share application money pending allotment</b>		
At the beginning of the year	125,000	-
Share application money received, pending allotment	-	125,000
Allotment of shares for share application money received	(125,000)	-
<b>At the end of the year</b>	<b>-</b>	<b>125,000</b>
<b>Retained earnings</b>		
At the beginning of the year	(471,036)	(59,860)
Add : (Loss) / profit for the period / year	(257,113)	(411,176)
<b>At the end of the year</b>	<b>(728,149)</b>	<b>(471,036)</b>
<b>Total</b>	<b>(728,149)</b>	<b>(346,036)</b>

Note 13: Borrowings

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
<b>Non-current financial liabilities</b>			
<b>Term loan from other parties</b>			
Unsecured loan from related parties	-	37,846	153,756
<b>Total</b>	<b>-</b>	<b>37,846</b>	<b>153,756</b>
<b>Current financial liabilities</b>			
<b>Other financial liabilities</b>			
Current maturities of long term unsecured loan from related party	-	208,280	197,974
Interest accrued	-	569	-
<b>Total</b>	<b>-</b>	<b>208,849</b>	<b>197,974</b>

Terms of repayment

Particulars	Effective rate of interest	Maturity
Loan is repayable in 36 equal monthly instalments of USD 17,369.97 starting from January 2015	4% p.a.	This loan is matured in quarter ended 30 June 2016

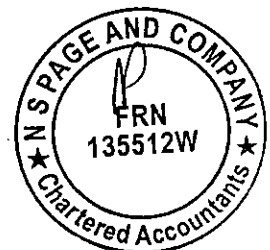
Note 14: Trade and other payables

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
Trade and other payables*	42,755	110,501	56,970
<b>Total</b>	<b>42,755</b>	<b>110,501</b>	<b>56,970</b>

\* Includes amount payable to related party amounting to USD 31,608 (31 March 2016: USD 61,317 ; 1 April 2015: USD 43,812)

Note 15: Current tax liabilities (net)

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
Provision for tax (net of advance tax)	706	-	-
<b>Total</b>	<b>706</b>	<b>-</b>	<b>-</b>





Quick Heal Technologies America Inc.  
Notes to the financial statements for the year ended 31 March 2017  
(Amounts in USD unless otherwise stated)

Note 16: Revenue from operations

Particulars	Year ended	
	31 March 2017	31 March 2016
Sale of products		
Sale of traded goods (internet security software licenses)	51,919	26,405
<b>Total</b>	<b>51,919</b>	<b>26,405</b>

Note 17: Other income

Particulars	Year ended	
	31 March 2017	31 March 2016
Advertisement income	49,532	22,023
Amounts written back	4,126	-
<b>Total</b>	<b>53,658</b>	<b>22,023</b>

Note 18: Purchase of stock-in-trade

Particulars	Year ended	
	31 March 2017	31 March 2016
Purchase of internet security software licenses	29,655	16,040
<b>Total</b>	<b>29,655</b>	<b>16,040</b>

Note 19: Changes in inventories of stock-in-trade

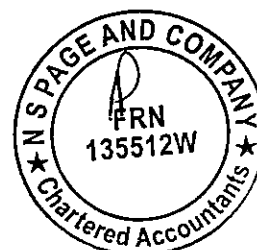
Particulars	Year ended	
	31 March 2017	31 March 2016
Inventories at the end of the period	1,194	1,194
Stock-in-trade		
Inventories at the beginning of the period	1,194	-
Stock-in-trade		
<b>(Increase) / decrease in inventories</b>	<b>-</b>	<b>(1,194)</b>

Note 20: Employee benefit expense

Particulars	Year ended	
	31 March 2017	31 March 2016
Salaries, wages and bonus	205,240	198,487
Staff welfare expenses	-	528
<b>Total</b>	<b>205,240</b>	<b>199,015</b>

Note 21: Finance cost

Particulars	Year ended	
	31 March 2017	31 March 2016
Interest on loan	1,439	10,869
Bank charges	496	795
<b>Total</b>	<b>1,935</b>	<b>11,664</b>



Note 22: Other expenditure

Particulars	Year ended	
	31 March 2017	31 March 2016
Business promotion expenses	62,614	134,590
Legal and professional fees	14,410	56,458
Rent	15,388	9,650
Sales commission	15,556	7,854
Advertisement expenses	3,060	450
Communication costs	3,075	3,685
Membership and subscription fees	-	1,325
Office expenses	-	190
Provision for non-moving inventory	1,194	-
Payment to statutory auditor	1,410	844
Power and fuel	502	789
Rates and taxes	619	450
Amounts written off	71	-
Storage fees	1,215	13,370
<b>Total</b>	<b>119,114</b>	<b>229,655</b>

Payment to statutory auditor

Particulars	Year ended	
	31 March 2017	31 March 2016
As auditor		
-Audit fees	1,410	844
-Other services	-	-
-Reimbursement of expenses	-	-
<b>Total</b>	<b>1,410</b>	<b>844</b>

Note 23: Transition to Ind AS

The Company has adopted all the Indian Accounting Standards (Ind AS) and the adoptions was carried out in accordance with 'Ind AS 101 - First time adoption of Indian Accounting Standards'. There are no material adjustments to balance sheet, statement of profit and loss and cash flow statement as reported under Indian GAAP.

Note 24: Deferred tax

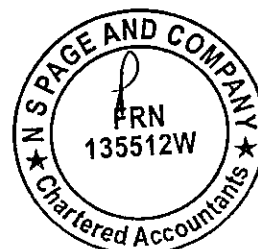
Deferred tax assets are recognised for tax loss carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Company did not recognise deferred tax asset in respect of losses amounting to USD 1,02,338 (31 March 2016: USD 1,63,712) that can be carried forward against future taxable income since it is not probable that taxable profits will be available against which the deductible temporary difference can be utilised.

Reconciliation of effective tax rate

Particulars	Year ended	
	31 March 2017	31 March 2016
The major components of income tax are stated below:		
Current tax:		
Current income tax charge	1,265	559
Deferred tax:		
Recognised in statement of profit and loss	-	-
Recognised in other comprehensive income	-	-
<b>Tax expense</b>	<b>1,265</b>	<b>559</b>

Reconciliation of effective tax rate

Particulars	Year ended	
	31 March 2017	31 March 2016
Accounting profit/(loss) before tax from continuing operations	(255,848)	(409,282)
Tax @ 40%	(102,339)	(163,713)
Add:		
Minimum corporate tax levied	1,265	559
Add:		
Deferred tax asset not recognised <i>Current year losses</i>	102,339	163,713
<b>Income tax expense</b>	<b>1,265</b>	<b>559</b>



Note 25: Earnings / (Loss) per share

Particulars	Year ended	
	31 March 2017	31 March 2016
<b>Numerator for basic and diluted EPS</b>		
Net loss after tax (In USD) (A)	(257,113)	(411,176)
<b>Denominator for basic and diluted EPS</b>		
Weighted average number of equity shares (In numbers) (B)	632,068	69,071
Basic and diluted loss per share of face value of USD 1 each (A / B)	(0.41)	(5.95)

Note 26: Related party disclosures

(I) List of related parties where control exists and related parties with whom transactions have taken place and relationships:

The Company is controlled by Quick Heal Technologies Limited (the holding company) which owns 100% of the company's shares.

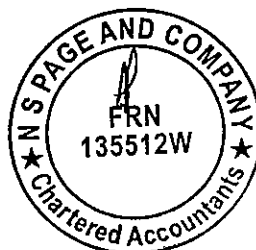
Name of the related party	Relationship
Quick Heal Technologies Limited	Holding Company
Quick Heal Technologies MENA (FZE)	Group Company
Farokh Karani*	Key management

(II) Transactions during the period and balances outstanding with related parties:

Name of the related party	Year ended	
	31 March 2017	31 March 2016
<b>Transactions during the year</b>		
<b>Quick Heal Technologies Limited</b>		
- Purchase of internet security software	29,655	16,040
- Advance for expenses received	489	1,183
<b>Quick Heal Technologies MENA (FZE)</b>		
- Unsecured loan taken	-	75,000
- Interest on unsecured loan	1,439	10,869
- Repayment of principal amount of loan	-	180,604
- Repayment of loan	246,695	-
<b>Farokh Karani*</b>		
Salary	101,667	88,333

<b>Balances - receivable/ (payable) at the period</b>		
Particulars	Year ended	
	31 March 2017	31 March 2016
<b>Quick Heal Technologies Limited</b>		
- Trade payable	(29,655)	(59,852)
- Advance taken	(1,954)	(1,465)
<b>Quick Heal Technologies MENA (FZE)</b>		
	-	(246,528)

\* Upto 28 February 2017



**Quick Heal Technologies America Inc.**

Notes to the financial statements for the year ended 31 March 2017

*(Amounts in USD unless otherwise stated)***Note 27: Capital management**

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business. The Company is focused on maintaining a strong equity base to ensure independence, security, as well as financial flexibility for potential future borrowings, if required without impacting the risk profile of the Company.

The Company's net debt to adjusted equity ratio at the reporting date are as follows:

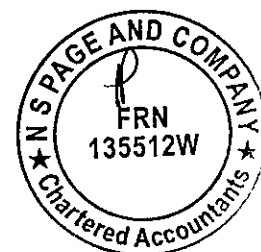
Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
Total liabilities	43,461	357,196	408,700
Less : Cash and cash equivalents	216,133	116,241	369,449
<b>Net debt</b>	<b>(172,672)</b>	<b>240,955</b>	<b>39,251</b>
Total equity	194,851	(216,036)	(29,860)
<b>Net debt to equity ratio</b>	<b>(0.89)</b>	<b>(1.12)</b>	<b>(1.31)</b>

There are no changes in the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

**Note 28: Financial instruments by category**

The carrying value and fair value of financial instruments by categories are as follows:

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
<b>Assets</b>			
<b>Non-current financial assets</b>			
Loans	-	2,614	2,550
<b>Current financial assets</b>			
Trade receivables	8,270	1,629	2,123
Cash and cash equivalents	216,133	116,241	369,449
Other advances	-	228	4,593
<b>Total</b>	<b>224,403</b>	<b>120,712</b>	<b>378,715</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	-	37,846	153,756
<b>Current liabilities</b>			
Trade payables	42,755	110,501	56,970
Other financial liabilities	-	208,849	197,974
<b>Total</b>	<b>42,755</b>	<b>357,196</b>	<b>408,700</b>



Carrying values of all financial assets and liabilities approximate to fair value at 31 March 2017 and 31 March 2016. Hence fair value hierarchy related disclosures are not applicable.

**Note 29: Financial risk management**

The Company's financial risk policies comprise primarily of credit risk, liquidity risk and interest rate risk. The Company is not exposed to foreign currency risk since the Company has not entered into foreign exchange transactions.

**Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company is exposed to credit risk for long term loans (security deposit), receivables and other advances.

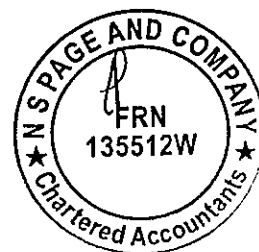
Counterparty credit limits are reviewed by the Company on an annual basis, and are updated throughout the year subject to approval of the Company's credit committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments. The Company does not hold any collateral as security against its receivable and loans and advances.

The carrying value of the financial assets other than cash represents the maximum credit exposure. The maximum credit exposure to credit risk at the reporting date are as follows :

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
<b>Non-current financial asset</b>			
Loans	-	2,614	2,550
<b>Current financial asset</b>			
Trade receivables	8,270	1,629	2,123
Other advances	-	228	4,593
<b>Total</b>	<b>8,270</b>	<b>4,471</b>	<b>9,266</b>

None of the Company's cash equivalents, are past due or impaired. Regarding loans, trade receivables and other advances, there are no indications as of 31 March 2017, that defaults in payment obligations would occur.

The ageing of trade receivables at the reporting date that were not impaired are as follows :



Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
Upto 6 months	8,270	1,629	2,123
More than 6 months	-	-	-
<b>Total</b>	<b>8,270</b>	<b>1,629</b>	<b>2,123</b>

Receivables are deemed to be past due or impaired with reference to the Company's normal terms and conditions of business. These terms and conditions are determined on a case to case basis with reference to the customer's credit quality and prevailing market conditions. Receivables that are classified as 'past due' in the above tables are those that have not been settled within the terms and conditions that have been agreed with that customer.

The credit quality of the Company's customers is monitored on an ongoing basis and assessed for impairment where indicators of such impairment exist. The solvency of the debtor and their ability to repay the receivable is considered in assessing receivables for impairment. In certain circumstances, the Company seeks collateral as security for the receivable. Where receivables have been impaired, the Company actively seeks to recover the amounts in question and enforces compliance with the credit terms.

#### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the remaining contractual maturities of financial liabilities at the reporting date.

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
<b>Borrowings</b>			
Upto 12 months	-	-	-
More than 12 months	-	37,846	153,756
<b>Trade and other payables</b>			
Upto 12 months	42,755	56,970	110,501
More than 12 months	-	-	-
<b>Other financial liabilities</b>			
Upto 12 months	-	197,974	208,849
More than 12 months	-	-	-

#### Interest rate risk

At the reporting date the interest rate profile of the Company's interest bearing financial instruments are follows:

Particulars	As at		
	31 March 2017	31 March 2016	1 April 2015
<b>Financial liability</b>			
<b>Fixed rate instruments</b>			
Loans	-	246,695	351,730
<b>Total</b>	<b>-</b>	<b>246,695</b>	<b>351,730</b>

The Company is not exposed to fluctuations in interest rate since the interest rate is fixed. Accordingly, interest rate sensitivity is not applicable

