

Quick Heal Technologies Japan KK
Balance sheet as at March 31, 2020
(All amounts are in JPY, unless otherwise stated)

	Notes	As at March 31, 2020	As at March 31, 2019
Assets			
Non-current assets			
(a) Property, plant and equipment	3	3,24,063	3,97,770
(b) Intangible assets	4	2,83,230	3,45,552
		6,07,293	7,43,322
Current assets			
(a) Inventories	5	62,90,710	3,16,45,433
(b) Financial assets			
(i) Trade receivables	6	65,03,420	2,02,256
(ii) Cash and cash equivalents	7	81,76,927	77,50,918
(iii) Loans and security deposits	8	9,12,700	9,12,700
(c) Other current assets	9	3,18,648	15,10,388
		2,22,02,405	4,20,21,695
Total assets		2,28,09,698	4,27,65,017
Equity and liabilities			
Equity			
(a) Equity share capital	10	25,00,00,000	23,00,00,000
(b) Other equity	11		
(i) Retained earnings		(23,42,01,197)	(19,10,60,297)
Total equity		1,57,98,803	3,89,39,703
Liabilities			
Current liabilities			
(a) Financial liabilities			
(i) Trade payables			
(a) Total outstanding dues creditors other than micro enterprises and	12	49,47,704	27,20,920
(b) Other current liabilities	13	9,60,237	26,894
(c) Income tax liabilities (net)	14	11,02,954	10,77,500
		70,10,895	38,25,314
Total liabilities		70,10,895	38,25,314
Total equity and liabilities		2,28,09,698	4,27,65,017

Summary of significant accounting policies

2

The accompanying notes are an integral part of these financial statements

As per my report of even date

Shweta Milani

Shweta Milani
Proprietor
Membership Number: 169376

Place: Pune
Date: May 21, 2020





For and on behalf of the Board of directors
Quick Heal Technologies Japan KK

Kailash Katkar
Director
DIN: 00397191

Place: Pune
Date: May 21, 2020

Quick Heal Technologies Japan KK
Statement of profit and loss for the period ended March 31, 2020
 (All amounts are in JPY, unless otherwise stated)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Income			
Revenue from operations	15	1,46,70,378	1,01,77,309
Other income	16	93,657	1,39,060
Total income		1,47,64,035	1,03,16,369
Expenses			
Purchase of security software products	17 (a)	39,49,529	49,03,696
(Increase) / decrease in security software products	17 (b)	2,53,54,723	(9,02,619)
Employee benefits expense	18	1,93,68,123	2,14,90,039
Depreciation and amortisation expense	19	1,36,029	1,70,531
Other expenses	20	75,71,077	1,02,02,110
Total expenses		5,63,79,481	3,58,63,757
Profit before exceptional items and tax		(4,16,15,446)	(2,55,47,388)
Exceptional items		-	-
Profit before tax		(4,16,15,446)	(2,55,47,388)
Tax expense			
Current tax	21	15,25,454	13,07,500
Pertaining to profit for the current period		-	-
Adjustments of tax relating to earlier periods		-	-
Deferred tax		-	-
Total tax expense		15,25,454	13,07,500
Profit for the period		(4,31,40,900)	(2,68,54,888)
Other comprehensive income			
Earnings per equity share [nominal value per share JPY 50,000 (March 31, 2019: JPY 50,000)]	22		
Basic		(9,093.57)	(6,159.53)
Diluted		(9,093.57)	(6,159.53)
Summary of significant accounting policies	2		
<i>The accompanying notes are an integral part of these financial statements</i>			
As per my report of even date			
 Shweta Milani Proprietor Membership Number: 169376 Place: Pune Date: May 21, 2020		 For and on behalf of the Board of directors Quick Heal Technologies Japan KK Kailash Katkar Director DIN: 00397191 Place: Pune Date: May 21, 2020	

Quick Heal Technologies Japan KK
Cash flow statement for the period ended March 31, 2020
(All amounts are in JPY million, unless otherwise stated)

	March 31, 2020	March 31, 2019
A. Cash flow from operating activities		
Profit before tax	(4,16,15,446)	(2,55,47,388)
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation and amortization expense	1,36,029	1,70,531
Interest income	7,321	-
Operating profit before working capital changes	(4,14,72,096)	(2,53,76,857)
Movements in working capital:		
(Increase)/decrease in trade receivables	(63,01,164)	29,54,659
(Increase)/decrease in inventories	2,53,54,723	(9,02,618)
(Increase)/decrease in loans	-	60,001
(Increase)/decrease in other financial assets	-	7,20,000
(Increase)/decrease in other assets	11,91,740	1,25,352
Increase/(decrease) in trade payables	22,26,784	(1,30,80,241)
Increase/(decrease) in other current liabilities	9,33,343	(20,46,444)
Cash generated from operations	(1,80,66,670)	(3,75,46,146)
Direct taxes paid (net of refunds)	(15,00,000)	(12,19,303)
Net cash flow from operating activities (A)	(1,95,66,670)	(3,87,65,449)
B. Cash flow from investing activities		
Interest received	(7,321)	-
Net cash (used in) investing activities (B)	(7,321)	-
C. Cash flow from financing activities		
Proceeds from issuance of equity shares	2,00,00,000	3,00,00,000
Net cash flow (used in) financing activities (C)	2,00,00,000	3,00,00,000
Net (decrease) in cash and cash equivalents (A+B+C)	4,26,009	(87,65,451)
Cash and cash equivalents at the beginning of the period	77,50,918	1,65,16,369
Cash and cash equivalents at the end of the period	81,76,927	77,50,918
Components of cash and cash equivalents		
Cash on hand	6,086	10,259
Balances with banks		
On current account	81,70,841	77,40,659
Total cash and cash equivalents	81,76,927	77,50,918

Summary of significant accounting policies

2

The accompanying notes are an integral part of these financial statements

As per my report of even date



 Shweta Milani
 Proprietor
 Membership Number: 169376

 Place: Pune
 Date: May 21, 2020


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 For and on behalf of the Board of directors
 Quick Heal Technologies Japan KK

 Kailash Katkar
 Director
 DIN: 00397191

 Place: Pune
 Date: May 21, 2020

Quick Heal Technologies Japan KK

Statement of changes in equity for the period ended March 31, 2020

(All amounts are in JPY, unless otherwise stated)

A. Equity share capital

	No.	Amount
5000 Equity shares of JPY 50,000 each issued, subscribed and fully paid-up		
As at April 1, 2018	4,000	20,00,00,000
- Addition	600	3,00,00,000
As at March 31, 2019	4,600	23,00,00,000
- Addition	400	2,00,00,000
As at March 31, 2020	5,000	25,00,00,000

B. Other equity

Other equity attributable to equity holders of the Company

	Retained earnings	Total
Balance as at April 1, 2018	(16,42,05,409)	(16,42,05,409)
Profit for the year	(2,68,54,888)	(2,68,54,888)
Other comprehensive income	-	-
Total comprehensive income	(2,68,54,888)	(2,68,54,888)
Balance as at March 31, 2019	(19,10,60,297)	(19,10,60,297)
Profit for the period	(4,31,40,900)	(4,31,40,900)
Other comprehensive income	-	-
Total comprehensive income	(4,31,40,900)	(4,31,40,900)
Balance as at March 31, 2020	(23,42,01,197)	(23,42,01,197)



1 Company overview

1.1 General information

Quick Heal Technologies Japan KK (the "Company") is a wholly owned foreign subsidiary Company domiciled in Japan and incorporated in April 2012. The Company is engaged in the business of providing Internet Security solutions. The Company caters to both domestic markets. The Company is wholly owned subsidiary of Quick Heal Technologies Limited.

The principal place of business and registered address of the Company is Shinkawa 1-2-8, Chu-ku, Tokyo, Japan.

The financial statements for the year ended 31 March 2020 were authorised for issue by the Director on May 21, 2020.

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.

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 the 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 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 Company has used the following rates to provide depreciation on its fixed assets.

Assets	Rates
Furniture and fixtures	12.00%
Office equipment	14.20-18.50%
Computers	21.90%

(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 Japanese yen (YEN) 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 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

Effective April 01, 2019, the Company adopted IND AS 116 "Leases" under the modified retrospective approach without restatement of comparatives. The Company elected to apply the practical expedient to not reassess whether a contract is or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IND AS 17 were not reassessed. The definition of a lease under IND AS 116 was applied only to contracts entered into or changed on or after April 01, 2019

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IND AS 116, the Company recognizes right-of-use assets and lease liabilities for most leases.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the entities incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.



(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.



Quick Heal Technologies Japan KK

Notes forming part of financial statements for the period ended March 31, 2020

(All amounts are in JPY, unless otherwise stated)

3. Property, plant and equipment

	Computers and server	Office equipment	Furniture and fixtures	Total
Cost (Gross) (refer note 2)				
At April 1, 2018	1,52,880	3,39,891	3,44,233	8,37,004
Additions	-	-	-	-
Disposals/written-offs	-	-	-	-
At March 31, 2019	1,52,880	3,39,891	3,44,233	8,37,004
Additions	-	-	-	-
Disposals/written-offs	-	-	-	-
At March 31, 2020	1,52,880	3,39,891	3,44,233	8,37,004
Depreciation (Gross) (refer note 2)				
At April 1, 2018	38,903	1,50,354	1,41,767	3,31,024
Depreciation charge for the year	49,922	33,992	24,296	1,08,210
Disposals/written-offs	-	-	-	-
At March 31, 2019	88,825	1,84,346	1,66,063	4,39,234
Depreciation charge for the period	28,056	24,271	21,380	73,707
Disposals/written-offs	-	-	-	-
At March 31, 2020	1,16,881	2,08,617	1,87,443	5,12,941
Net block				
At March 31, 2019	64,055	1,55,545	1,78,170	3,97,770
At March 31, 2020	35,999	1,31,274	1,56,790	3,24,063

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Quick Heal Technologies Japan KK**Notes forming part of financial statements for the period ended March 31, 2020****(All amounts are in JPY, unless otherwise stated)****4. Intangible assets**

	Patent	Total
Cost (Gross) (refer note 2)		
At April 1, 2018	6,32,980	6,32,980
Purchase	-	-
Disposals	-	-
At March 31, 2019	6,32,980	6,32,980
Purchase	-	-
Disposals	-	-
At March 31, 2020	6,32,980	6,32,980
Amortisation (Gross) (refer note 2)		
At April 1, 2018	2,25,107	2,25,107
Amortisation for the year	62,321	62,321
Disposals	-	-
At March 31, 2019	2,87,428	2,87,428
Amortisation for the period	62,322	62,322
Disposals	-	-
At March 31, 2020	3,49,750	3,49,750
Net block		
At March 31, 2019	3,45,552	3,45,552
At March 31, 2020	2,83,230	2,83,230

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Quick Heal Technologies Japan KK
Notes forming part of financial statements for the period ended March 31, 2020
(All amounts are in JPY, unless otherwise stated)

5. Inventories

	As at March 31, 2020	As at March 31, 2019
At lower of cost and net realisable value		
Raw materials - Security software devices	-	-
Finished goods - Security softwares	-	-
Total	62,90,710	3,16,45,433

6. Trade receivables

	As at March 31, 2020	As at March 31, 2019
Trade receivables		
Trade receivable from related parties	65,03,420	2,02,256
Total	65,03,420	2,02,256

Break-up for security details:

	As at March 31, 2020	As at March 31, 2019
Considered good - Secured	-	-
Considered good - Unsecured	-	-
Receivable which have significant increase in credit risk	65,03,420	2,02,256
Receivables - credit impaired	-	-
Total	65,03,420	2,02,256
Impairment allowed (allowed for bad and doubtful debts)		
Considered good - Unsecured	-	-
Receivable which have significant increase in credit risk*	-	-
Receivables - credit impaired	-	-
Total	65,03,420	2,02,256

* The management has evaluated credit impairment allowance based on the net outstanding position.

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non interest bearing and generally on credit terms of 30 to 60 days.

7. Cash and cash equivalents

	As at March 31, 2020	As at March 31, 2019
Balances with banks:		
On current account		
Cheques on hand	81,70,841	77,40,659
Cash on hand	-	-
Total	81,76,927	77,50,918

8. Loans and security deposits

	As at March 31, 2020	As at March 31, 2019
Loans and security deposits (unsecured, considered good) (at amortised cost)		
Current		
Security deposits		
Total current	9,12,700	9,12,700
Loans and security deposits (unsecured, considered good) (at amortised cost)		
Non - current		
Security deposits		
Total non - current	-	-

No loans are due from directors or other officers of the Company either severally or jointly with any other person. Nor any loans are due from firms or private companies respectively in which any director is a partner, a director or a member.



Quick Heal Technologies Japan KK

Notes forming part of financial statements for the period ended March 31, 2020

(All amounts are in JPY, unless otherwise stated)

9. Others assets

	As at March 31, 2020	As at March 31, 2019
Current (unsecured, considered good)		
Prepaid expenses	1,99,468	1,89,765
Balances with government authorities	-	11,48,334
Other assets	1,19,180	1,72,289
Total current	3,18,648	15,10,388

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Quick Heal Technologies Japan KK

Notes forming part of financial statements for the period ended March 31, 2020
(All amounts are in JPY, unless otherwise stated)

10. Equity share capital

	As at March 31, 2020	As at March 31, 2019
Authorized shares		
6,000 (March 31, 2019: 6,000) equity shares of JPY 50,000 each	30,00,00,000	30,00,00,000
Issued, subscribed and fully paid-up shares		
5,000 (March 31, 2019: 4,600) equity shares of JPY 50,000 each	30,00,00,000	30,00,00,000
Total issued, subscribed and fully paid-up share capital	25,00,00,000	23,00,00,000
	25,00,00,000	23,00,00,000

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

	As at March 31, 2020		As at March 31, 2019	
	No.	JPY	No.	JPY
At the beginning of the period	4,600	23,00,00,000	4,000	20,00,00,000
Issued during the period				
Addition during the year	400	2,00,00,000	600	3,00,00,000
Deletion during the year				
Outstanding at the end of the period	5,000	25,00,00,000	4,600	23,00,00,000

(b) Terms / rights attached to equity shares

The Company has only one type of equity shares having par value of JPY 50,000 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Japanese Yen. 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 2020 the amount per share dividend recognised as distribution to equity shareholders was Nil (31 March 2019 : Nil)

Ordinary equity shares:

In the event of liquidation of the Company, the holders of ordinary equity shares will be entitled to receive remaining assets of the Company.

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

	As at March 31, 2020		As at March 31, 2019	
	Number	% holding	Number	% holding
Quick Heal Technologies Limited, the holding company	5,000	100%	4,600	100%
5,000 (31 March 2019: 4,600) Equity shares of JPY 50,000 each				

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

	As at March 31, 2020		As at March 31, 2019	
	Number	% holding	Number	% holding
Equity shares of YEN 50,000 each fully paid up				
Quick Heal Technologies Limited, the holding company	5,000	100%	4,600	100%



Quick Heal Technologies Japan KK**Notes forming part of financial statements for the period ended March 31, 2020****(All amounts are in JPY, unless otherwise stated)****11. Other equity**

	As at March 31, 2020	As at March 31, 2019
(a) Retained earnings		
Balance as at the beginning of the year		
Add: Amount transferred from surplus balance in the statement of profit and loss	(19,10,60,297)	(16,42,05,409)
Balance as at end of the year	(4,31,40,900)	(2,68,54,888)
	<u>(23,42,01,197)</u>	<u>(19,10,60,297)</u>

Retained earnings

Retained Earnings represents surplus i.e. balance of the relevant column in the Statement of Changes in Equity



Quick Heal Technologies Japan KK

Notes forming part of financial statements for the period ended March 31, 2020

(All amounts are in JPY, unless otherwise stated)

12. Trade payables

	As at March 31, 2020	As at March 31, 2019
Total outstanding dues creditors other than micro enterprises and small enterprises	49,47,704	27,20,920
Total	49,47,704	27,20,920

13. Other liabilities

	As at March 31, 2020	As at March 31, 2019
Current		
Tax deducted at source payable	1,76,751	26,894
Consumption Tax Payable	7,83,486	-
Total	9,60,237	26,894

14. Current tax liabilities

	As at March 31, 2020	As at March 31, 2019
Current tax liabilities (net of advance tax)	11,02,954	10,77,500
Total	11,02,954	10,77,500



Quick Heal Technologies Japan KK

Notes forming part of financial statements for the period ended March 31, 2020
(All amounts are in JPY, unless otherwise stated)

15. Revenue from operations (net)

	Year ended March 31, 2020	Year ended March 31, 2019
Sale of security software products		
Total	1,46,70,378	1,01,77,309
	1,46,70,378	1,01,77,309

16. Other income

	Year ended March 31, 2020	Year ended March 31, 2019
Interest income on Others		
Foreign exchange gains (net)	7,321	111
Miscellaneous income	-	1,38,915
Total	86,336	34
	93,657	1,39,060

17. Details related to cost of security software devices and software products

	Year ended March 31, 2020	Year ended March 31, 2019
(a) Purchase of security software products		
Security software products		
Sub-total	39,49,529	49,03,696
	39,49,529	49,03,696
(b) (Increase)/decrease in security software products		
Inventory at the beginning of the period		
Less: Inventory at end of the period	3,16,45,433	3,07,42,814
Sub-total	62,90,710	3,16,45,433
Total	2,53,54,723	(9,02,619)
	2,93,04,252	40,01,077

Details of inventory

	As at March 31, 2020	As at March 31, 2019
Finished goods		
Security software products		
	62,90,710	3,16,45,433
	62,90,710	3,16,45,433

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Quick Heal Technologies Japan KK**Notes forming part of financial statements for the period ended March 31, 2020****(All amounts are in JPY, unless otherwise stated)****18. Employee benefits expense**

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	1,73,95,098	1,85,07,026
Contribution to provident and other funds	19,28,833	28,05,729
Staff welfare expenses	44,192	1,77,284
Total	1,93,68,123	2,14,90,039

19. Depreciation and amortisation expense

	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on property, plant and equipment (refer note 3)	73,707	1,08,210
Amortization of intangible assets (refer note 3)	62,322	62,321
Total	1,36,029	1,70,531

20. Other expenses

	Year ended March 31, 2020	Year ended March 31, 2019
Power and fuel	2,96,519	3,53,531
Rent*	21,66,475	24,59,479
Rates and taxes	-	1,03,174
Insurance	3,156	3,792
Repairs and maintenance		
Others	47,400	-
Business promotion expenses	19,166	16,57,834
Freight and forwarding charges	97,939	1,13,121
Travelling and conveyance	5,98,524	9,86,869
Communication costs	3,24,381	3,79,820
Office expenses	-	17,280
Legal and professional fees	35,83,524	34,90,206
Payment to statutory auditor	1,20,360	1,10,740
Miscellaneous expenses	3,13,633	5,26,264
Total	75,71,077	1,02,02,110

* Classified as short-term in accordance with Ind AS 116.



Quick Heal Technologies Japan KK

Notes forming part of financial statements for the period ended March 31, 2020

(All amounts are in JPY, unless otherwise stated)

Note 21: Income taxes

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 YEN 97,38,014 (31 March 2019: YEN 59,78,089) 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.

	Year ended March 31, 2020	Year ended March 31, 2019
The major components of income tax are stated below:		
Current tax:		
Current income tax charge		
Deferred tax:	15,25,454	13,07,500
Recognised in statement of profit and loss	-	-
Recognised in other comprehensive income	-	-
Tax expense	15,25,454	13,07,500

Reconciliation of effective tax rate

	Year ended March 31, 2020	Year ended March 31, 2019
Accounting profit/(loss) before tax from continuing operations	(4,16,15,446)	(2,55,47,388)
Tax @ 23.4%	97,38,014	59,78,089
Add:		
Minimum corporate tax levied	15,25,454	13,07,500
Add:		
Deferred tax asset not recognised		
Current year losses	(97,38,014)	(59,78,089)
Income tax expense	15,25,454	13,07,500

Note 22: Loss per share

	Year ended March 31, 2020	Year ended March 31, 2019
Numerator for basic and diluted EPS		
Net loss after tax (In YEN) (A)	(4,31,40,900)	(2,68,54,888)
Denominator for basic and diluted EPS		
Weighted average number of equity shares (In numbers) (B)	4,744	4,360.00
Basic and diluted loss per share of face value of YEN 50,000 each (A / B)	(9,093.57)	(6,159.53)

Note 23: 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



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

Name of the related party	Year ended March 31, 2020	Year ended March 31, 2019
Transactions during the year		
Quick Heal Technologies Limited		
- Purchase of internet security software and Unified Threat Machine	39,49,529	22,37,952
Balances - receivable/ (payable) at the period		
	As at March 31, 2020	As at March 31, 2019
Quick Heal Technologies Limited		
Trade payables	(25,23,355)	(13,27,976)

Note 24: Segment reporting

The business activities of the Company from which it earns revenues and incurs expenses; whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available involve predominantly one operating segment i.e. 'Trading in antivirus software'.

Note 25 : Revenue from contracts with customers

The Company generates revenue from sale of security license software.

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from contracts with customers	1,46,70,378	1,01,77,309
Revenue from others	-	-
	1,46,70,378	1,01,77,309

The entire revenue from operations is recognised at point in time and relates to single operating segment. Accordingly, disaggregation of revenue disclosure is not applicable.



Quick Heal Technologies Japan KK**Notes forming part of financial statements for the period ended March 31, 2020****(All amounts are in JPY, unless otherwise stated)****Note 26: 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:

	As at March 31, 2020	As at March 31, 2019
Total liabilities	70,10,895	38,25,313
Less : Cash and cash equivalents	(81,76,927)	(77,50,918)
Net debt	(11,66,032)	(39,25,605)
Total equity	1,57,98,803	3,89,39,702
Net debt to equity ratio	(0.07)	(0.10)

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 27: Financial instruments by category

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

	As at March 31, 2020	As at March 31, 2019
Assets		
Current financial assets		
Trade receivables	65,03,420	2,02,256
Cash and cash equivalents	81,76,927	77,50,918
Loans and security deposits	9,12,700	9,12,700
Total	1,55,93,047	88,65,874
Liabilities		
Current financial liabilities		
Trade and other payables	49,47,704	27,20,920
Total	49,47,704	27,20,920

Carrying values of all financial assets and liabilities approximate to fair value at 31 March 2020 and 31 March 2019. Hence fair value hierarchy related disclosures are not applicable.



Note 28: Financial risk management

The Company's financial risk policies comprise primarily of credit risk and liquidity risk. The Company is not exposed to interest rate risk since the Company does not have any interest rate borrowings as at 31 March 2020. There are no outstanding foreign currency contracts, accordingly foreign currency risk is not applicable.

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 trade receivables, loans and other financial asset.

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 trade receivables, loans and other financial asset.

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 :

	As at March 31, 2020	As at March 31, 2019
Current financial assets		
Trade receivables	65,03,420	2,02,256
Cash and cash equivalents	81,76,927	77,50,918
Loans and security deposits	9,12,700	9,12,700
Total	1,55,93,047	88,65,874

None of the Company's cash equivalents, are past due or impaired. Regarding trade receivables, loans and other financial asset; there are no indications as of 31 March 2020, that defaults in payment obligations would occur.

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

	As at March 31, 2020	As at March 31, 2019
Upto 6 months	65,03,420	2,02,256
More than 6 months	-	-
Total	65,03,420	2,02,256

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.

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.

	As at March 31, 2020	As at March 31, 2019
Trade and other payables		
Upto 6 months	49,47,704	27,20,920
More than 6 months	-	-
Total	49,47,704	27,20,920

Note 29: Going concern

The Company has incurred net loss of JPY 4,31,40,900 for the year ended 31 March 2020 (31 March 2019: JPY 2,68,54,888) . The company is in the process of implementing a plan for its business strategies and policies, the outcome of which would result in the recovery of its losses. This plan has been approved by the board of directors of the holding company and has undertaken to provide such financial support as necessary to enable the Company to continue its operations and to meet its liabilities as and when they fall due on a continuing basis.

