

# **BARVE PAGE DESHPANDE & Co**

CHARTERED ACCOUNTANTS

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF QUICK HEAL TECHNOLOGIES AMERICA INC.**

#### **Report on the Financial Statements**

We have audited the accompanying standalone financial statements of Quick Heal Technologies America Inc. ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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



# **BARVE PAGE DESHPANDE & Co**

CHARTERED ACCOUNTANTS

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, its loss and cash flows for the year ended on that date.

**For BARVE PAGE DESHPANDE & CO.**

**Chartered Accountants**

**FRN: 136034W**



**Amey Deshpande**

**Partner**

**Membership No. 133789**

Place: Pune

Date:



**Quick Heal Technologies America Inc.**

Balance sheet as at March 31, 2016

	Notes	As at March 31, 2016 USD	As at March 31, 2015 USD
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	1,30,000	30,000
Share application money		1,25,000	-
Reserves and surplus	4	(4,71,034)	(59,860)
		<b>(2,16,034)</b>	<b>(29,860)</b>
<b>Non - current liabilities</b>			
Long-term borrowings	5	37,846	1,53,756
		<b>37,846</b>	<b>1,53,756</b>
<b>Current liabilities</b>			
Trade payables	6	91,982	56,564
Other current liabilities	6	2,27,368	1,98,380
		<b>3,19,350</b>	<b>2,54,944</b>
<b>Total</b>		<b>1,41,162</b>	<b>3,78,840</b>
<b>Non - current assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	7.1	19,021	-
Intangible Assets	7.2	110	-
		<b>19,131</b>	<b>-</b>
Long term loans and advances	11	2,614	2,550
<b>Current assets</b>			
Trade receivables	8	1,629	2,123
Inventories	9	1,194	-
Cash and bank balances	10	1,16,241	3,69,449
Short-term loans and advances	11	353	4,718
		<b>1,19,417</b>	<b>3,76,290</b>
<b>Total</b>		<b>1,41,162</b>	<b>3,78,840</b>

**Summary of significant accounting policies**

2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date  
For BARVE PAGE DESHPANDE & CO  
Firm registration number: 136034W

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

*Amey Deshpande*  
Amey Deshpande  
Partner  
Membership No. : 133789

*Kailash Katkar*  
Kailash Katkar  
Director

Place : Pune  
Date :



**Quick Heal Technologies America Inc.**

Statement of profit and loss for the year ended March 31, 2016

	Notes	For the year ended March 31, 2016 USD	For the year ended March 31, 2015 USD
<b>Income</b>			
Revenue from operations (net)	12	26,405	29,582
Other income	12	22,023	-
<b>Total revenue</b>		<b>48,428</b>	<b>29,582</b>
<b>Expenses</b>			
Cost of traded goods	13	14,846	17,299
Employee benefit expenses	14	1,99,015	43,703
Depreciation and amortisation expense	15	2,528	-
Finance cost	16	11,664	4,158
Other expenses	17	2,29,655	19,904
<b>Total</b>		<b>4,57,707</b>	<b>85,065</b>
<b>Loss before tax</b>		<b>(4,09,279)</b>	<b>(55,483)</b>
		<b>(4,09,279)</b>	<b>(55,483)</b>
<b>Tax expenses</b>			
Current tax		1,894	625
<b>Total tax expense</b>		<b>1,894</b>	<b>625</b>
<b>Loss for the year before prior period items</b>		<b>(4,11,173)</b>	<b>(56,108)</b>
<b>Prior period items</b>		-	(273)
<b>Loss for the year after prior period items</b>		<b>(4,11,173)</b>	<b>(56,381)</b>
Earnings per equity share			
Basic and diluted	18	(5.95)	(1.88)
<b>Summary of significant accounting policies</b>	<b>2.1</b>		

The accompanying notes are an integral part of the financial statements.

As per our report of even date  
For BARVE PAGE DESHPANDE & CO  
Firm registration number: 136034W

*SP Deshpande*  
Amey Deshpande  
Partner  
Membership No. : 133789

Place : Pune  
Date :



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

*Kailash Katkar*  
Kailash Katkar  
Director





# Quick Heal Technologies America Inc.

Cash flow statement for the year ended March 31, 2016

	For the year ended March 31, 2016 USD	For the year ended March 31, 2015 USD
<b>A. Cash flow from operating activities</b>		
Profit before tax	(4,09,279)	(55,756)
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortization expense	2,528	-
Interest expenses	11,664	3,839
<b>Operating profit before working capital changes</b>	<b>(3,95,088)</b>	<b>(51,917)</b>
Movements in working capital :		
( Increase) / decrease in trade receivable	494	104
(Increase) in inventories	(1,194)	-
(Increase) in short term loans and advances	-	(4,718)
(Increase) / Decrease in long term loans and advances	(64)	(2,425)
(Increase) in other non current assets	-	-
(Decrease) / increase in long term provisions	-	-
Increase in short term loan & advances	4,365	-
Increase / (decrease) in trade payables	35,418	29,769
Increase in other current liabilities	18,113	282
<b>Cash generated from operations</b>	<b>(3,37,956)</b>	<b>(28,905)</b>
Direct taxes paid (net of refunds)	(1,894)	(750)
<b>Net cash flow from operating activities (A)</b>	<b>(3,39,850)</b>	<b>(29,655)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible, intangible assets including	(21,659)	-
<b>Net cash used in investing activities (B)</b>	<b>(21,659)</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Proceeds from equity share capital	1,00,000	-
Share application money received	1,25,000	-
Proceeds from long term borrowings	75,000	4,00,000
Repayment of long term borrowings	(1,80,604)	(48,270)
Interest paid on long term borrowings	(11,095)	(3,839)
<b>Net cash used in financing activities (C)</b>	<b>1,08,301</b>	<b>3,47,891</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>(2,53,208)</b>	<b>3,18,236</b>
Cash and cash equivalents at the beginning of the year	3,69,449	51,213
<b>Cash and cash equivalents at the end of the year</b>	<b>1,16,241</b>	<b>3,69,449</b>
<b>Components of cash and cash equivalents</b>		
Balances with banks		
On current account	1,16,241	3,69,449
<b>Total cash and cash equivalent</b>	<b>1,16,241</b>	<b>3,69,449</b>

## Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.

As per our report of even date  
For BARVE PAGE DESHPANDE & CO  
Firm registration number: 136034W

*Amey Deshpande*  
Amey Deshpande  
Partner  
Membership No. : 133789

Place : Pune  
Date :



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

*Kailash Katkar*  
Kailash Katkar  
Director



**Quick Heal Technologies America Inc.**

Notes forming part of financial statements

**3. Share capital**

	March 31, 2016 USD	March 31, 2015 USD
<b>Authorized shares</b>		
130,000 (March 31, 2015 : 30,000) Equity Shares of USD 1 each	2,55,000	30,000
	<b>2,55,000</b>	<b>30,000</b>
<b>Issued, subscribed and fully paid-up share capital</b>		
130,000 (March 31, 2015 : 30,000) Equity Shares of USD 1 each	1,30,000	30,000
Total issued, subscribed and fully paid-up share capital	<b>1,30,000</b>	<b>30,000</b>

**(a) Reconciliation of equity shares outstanding at the beginning and at the end of the year**

	March 31, 2016		March 31, 2015	
	No.	USD	No.	USD
<b>At the beginning of the year</b>				
- Equity Shares	1,30,000	1,30,000	30000	30000
<b>Outstanding at the end of the year</b>	<b>1,30,000</b>	<b>1,30,000</b>	<b>30,000</b>	<b>30,000</b>

**(b) Terms / rights attached to equity shares**

The Company has only one type of equity shares having par value of USD 1 per share. Each holder of equity shares is entitled to one vote per share. The Incorporation 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 March 31, 2016, the amount per share dividend recognised as distribution to equity shareholders was Nil (March 31, 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**

	March 31, 2016 Number	March 31, 2015 Number
Quick Heal Technologies Limited, the holding company	1,30,000	30,000
130,000 (March 31, 2015 : 30,000) Equity Shares of USD 1 each	<b>1,30,000</b>	<b>30,000</b>

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

	March 31, 2016		March 31, 2015	
	Number	% holding	Number	% holding
<b>Equity shares of USD 1 each fully paid up</b>				
<b>Equity shares</b>				
Quick Heal Technologies Limited, the holding company	1,30,000	100.00%	30,000	100.00%



**Quick Heal Technologies America Inc.**

**Notes forming part of financial statements**

**4. Reserves and surplus**

	March 31, 2016 USD	March 31, 2015 USD
<b>Deficit in the statement of profit and loss</b>		
Balance as per the last financial statements	(59,860)	(3,479)
Add : Loss for the year	(4,11,173)	(56,381)
<b>Net deficit in the statement of profit and loss</b>	<b>(4,71,034)</b>	<b>(59,860)</b>

**5. Long term borrowings**

	Non current portion		Current maturities	
	March 31, 2016 USD	March 31, 2015 USD	March 31, 2016 USD	March 31, 2015 USD
<b>Term loan</b>				
Unsecured loan from related parties	37,846	1,53,756	2,08,280	1,97,974
(Loan 1: Repayable in 24 equal monthly instalments of USD 17,369.97 starting from January 2015 including interest @ 4% p.a.)				
(Loan 2: Repayable in 24 equal monthly instalments of USD 3,256.87 starting from April 2016 including interest @ 4% p.a.)				
Amount disclosed under the head "Other current liabilities" (note 6)	-	-	(2,08,280)	(1,97,974)
	<b>37,846</b>	<b>1,53,756</b>	<b>-</b>	<b>-</b>

**6. Current liabilities**

	March 31, 2016 USD	March 31, 2015 USD
<b>Trade payable</b>	91,982	56,564
	<b>91,982</b>	<b>56,564</b>
<b>Other liabilities</b>		
Current maturities of long term borrowings	2,08,280	1,97,973
Current maturities of interest on borrowings	569	-
Other liabilities*	18,520	407
	<b>2,27,368</b>	<b>1,98,380</b>

\*Includes advance received from the holding company USD 1,465 (March 31,2015: USD282)



**Quick Heal Technologies America Inc.****Notes forming part of financial statements****7.1 Tangible assets**

7.1 Tangible assets						Amount in USD
	Computers	Computer - Server	Office equipment	Leasehold improvements	Furniture and fixtures	Total
<b>Cost</b>						
At April 1, 2014	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
<b>At March 31, 2015</b>	-	-	-	-	-	-
Additions	927	212	1,328	17,900	1,083	21,450
Disposals	-	-	-	-	-	-
<b>At March 31, 2016</b>	<b>927</b>	<b>212</b>	<b>1,328</b>	<b>17,900</b>	<b>1,083</b>	<b>21,450</b>
<b>Depreciation</b>						
At April 1, 2014	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
<b>At March 31, 2015</b>	-	-	-	-	-	-
Charge for the year	440	23	299	1,457	211	2,429
Disposals	-	-	-	-	-	-
<b>At March 31, 2016</b>	<b>440</b>	<b>23</b>	<b>299</b>	<b>1,457</b>	<b>211</b>	<b>2,429</b>
<b>Net block</b>						
At March 31, 2015	-	-	-	-	-	-
<b>At March 31, 2016</b>	<b>487</b>	<b>189</b>	<b>1,029</b>	<b>16,443</b>	<b>872</b>	<b>19,021</b>

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**Quick Heal Technologies America Inc.**

Notes forming part of financial statements

**7.2 Intangible assets**

	Amount in USD	
	Software	Total
<b>Cost</b>		
At April 1, 2014	-	-
Purchase	-	-
Disposals		
<b>At March 31, 2015</b>	-	-
Purchase	209	209
Disposals	-	-
<b>At March 31, 2016</b>	<b>209</b>	<b>209</b>
<b>Amortisation</b>		
At April 1, 2014	-	-
Charge for the year	-	-
Disposals		
<b>At March 31, 2015</b>	-	-
Charge for the year	99	99
Disposals	-	-
<b>At March 31, 2016</b>	<b>99</b>	<b>99</b>
<b>Net block</b>		
<b>At March 31, 2015</b>	-	-
<b>At March 31, 2016</b>	<b>110</b>	<b>110</b>

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# Quick Heal Technologies America Inc.

## Notes forming part of financial statements

### 8. Trade receivables

	March 31, 2016	March 31, 2015
	USD	USD
<b>Current</b>		
<b>Others receivables</b>		
Unsecured, considered good	1,629	2,123
	<u>1,629</u>	<u>2,123</u>
	<u>1,629</u>	<u>2,123</u>

### 9. Inventories (valued at lower of cost and net realisable value)

	March 31, 2016	March 31, 2015
	USD	USD
Traded goods- Unified Threat Machine	1,194	-
	<u>1,194</u>	<u>-</u>

### 10. Cash and bank balances

	March 31, 2016	March 31, 2015
	USD	USD
<b>Cash and cash equivalents</b>		
<b>Balances with banks:</b>		
On current account	1,16,241	3,69,449
	<u>1,16,241</u>	<u>3,69,449</u>



**Quick Heal Technologies America Inc.**

Notes forming part of financial statements

**11. Long term loans and advances**

	Non - current		Current	
	March 31, 2016 USD	March 31, 2015 USD	March 31, 2016 USD	March 31, 2015 USD
<b>Security deposits</b>				
Unsecured, considered good	2,614	2,550		
(a)	2,614	2,550	-	-
<b>Advances recoverable in cash or kind</b>				
Unsecured, considered good	-	-	228	4,593
(b)	-	-	228	4,593
<b>Other loans and advances</b>				
Advance income tax (net of provision for tax)			125	125
(c)	-	-	125	125
	2,614	2,550	353	4,718



**Quick Heal Technologies America Inc.**
**Notes forming part of financial statements**
**12. Revenue from operations (net)**

	For the year ended March 31, 2016 USD	For the year ended USD
<b>Revenue from operations</b>		
<b>Sale of products</b>		
Sale of traded goods (internet security softwares licences)	26,405	29,582
Sale of software support services	-	-
<b>Revenue from operations (gross)</b>	<b>26,405</b>	<b>29,582</b>
Less: Excise duty	-	-
	<b>26,405</b>	<b>29,582</b>
<b>Details of products sold</b>		
<b>Traded goods sold</b>		
Internet security software licenses	26,405	29,582
Internet security devices- Unified Threat Management (UTM)	-	-
	<b>26,405</b>	<b>29,582</b>

**12. Other income**

	For the year ended March 31, 2016 USD	For the year ended USD
Advertisement income	22,023	-
	<b>22,023</b>	<b>-</b>

**13. Cost of trade goods sold**

	For the year ended March 31, 2016 USD	For the year ended USD
Inventory at the beginning of the year	-	-
Purchase of Internet Security software licenses and Unified Threat Machine	16,040	17,299
Less: inventory at the end of the year	1,194	-
<b>Cost of traded goods sold</b>	<b>14,846</b>	<b>17,299</b>

	For the year ended March 31, 2016 USD	For the year ended USD
<b>Finished goods</b>		
Internet security softwares	1,194	-
	<b>1,194</b>	<b>-</b>





**Quick Heal Technologies America Inc.****Notes forming part of financial statements****14. Employee benefit expenses**

	For the year ended March 31, 2016	For the year ended March 31, 2015
	USD	USD
Salaries, wages and bonus	1,98,487	43,703
Staff welfare expenses	528	-
	<u>1,99,015</u>	<u>43,703</u>

**15. Depreciation and amortisation expense**

	For the year ended March 31, 2016	For the year ended March 31, 2015
	USD	USD
Depreciation on tangible assets (Refer note 7.1)	2,429	-
Amortization of intangible assets (Refer note 7.2)	99	-
	<u>2,528</u>	<u>-</u>

**16. Finance Cost**

	For the year ended March 31, 2016	For the year ended March 31, 2015
	USD	USD
Interest on loan (refer note 5)	10,869	3,839
Other interest	-	22
Bank charges	795	297
	<u>11,664</u>	<u>4,158</u>

**17. Other expenses**

	For the year ended March 31, 2016	For the year ended March 31, 2015
	USD	USD
Advertising expenses	450	-
Business promotion expenses	1,34,590	2,500
Communication costs	3,685	541
Legal and professional fees	56,458	5,384
Membership and subscription fees	1,325	-
Office expenses	190	-
Payment to statutory auditor (refer details below)	844	273
Power and fuel	789	281
Rates and taxes	450	450
Rent (Refer note 18)	9,650	1,600
Sales commission	7,854	8,876
Traveling and conveyance	13,371	-
	<u>2,29,655</u>	<u>19,904</u>

**Payment to auditor**

	For the year ended March 31, 2016	For the year ended March 31, 2015
	USD	USD
As auditor		
-Audit fees	844	546
	<u>844</u>	<u>546</u>

**18. Earnings per share**

The following reflects the profit and share data used in the basic and diluted EPS computations:

		For the year ended March 31, 2016	For the year ended March 31, 2015
<b><u>Numerator for Basic and Diluted EPS</u></b>			
Net loss after tax (In USD)	(A)	(4,11,173)	(56,381)
<b><u>Denominator for Basic and diluted EPS</u></b>			
Weighted average number of equity shares (In Numbers)	(B)	69,071	30,000
Basic and diluted earning per share of face value of USD 1 each (In USD)	(A/B)	(5.95)	(1.88)



## Quick Heal Technologies America Inc.

### Notes forming part of financial statements

#### 1. Corporate 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.

#### 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting principle generally accepted in India including the accounting standards. The financial statements have been prepared on an accrual basis under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

#### 2.1 Summary of significant accounting policies

##### (a) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the end of reporting period. 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) Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of fixed assets that are not ready to be put to use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, 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 during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets 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 derecognized.

##### (c) Depreciation on tangible fixed assets

##### Depreciation on fixed assets

Depreciation on fixed assets is calculated on a WDV basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its fixed assets:

Type of assets	Useful lives estimated by the management (years)	Rates (WDV)
Computers	3	63.16%
Furniture and Fixtures	10	25.89%
Office equipments	5	45.07%
Computer Server	6	39.30%



## Quick Heal Technologies America Inc.

### Notes forming part of financial statements

#### (d) 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 and Unified Threat Machine (Traded goods)**

Revenue from sales of internet security products and Unified Threat Machine 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.

#### (e) Intangible assets

Intangible assets 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.

Intangible assets i.e. softwares are amortized on a straight line basis over the period of expected future benefits i.e. over their estimated useful lives of three years. Intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern.

Gains or losses arising from de-recognition 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 derecognized.

A summary of the amortization policy applied to the Company's intangible assets is as below:

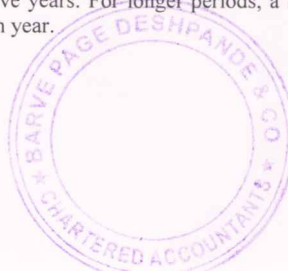
	Life (years)
Computer software	3

#### (f) Impairment of tangible and intangible assets

The carrying amounts of assets are reviewed at each Balance Sheet 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 net selling price and value in use. In assessing value in use, the Company makes a reasonable estimate of value in use.

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.





Notes forming part of financial statements

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

**(g) 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.

**(h) 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 timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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.





## Quick Heal Technologies America Inc.

### Notes forming part of financial statements

#### (i) 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.

#### (j) 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.

#### (k) 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.

#### (l) 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.

#### (m) 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.

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**Quick Heal Technologies America Inc.**
**Notes forming part of financial statements**
**19. Related party disclosures**
**i. Names of related parties and related party relationship**
**Related parties where control exists**

Holding Company	Quick Heal Technologies Limited
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**Related parties with whom transactions have taken place during the year**

Fellow Subsidiary	Quick Heal Technologies (MENA) FZE
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**ii. Transactions with related parties:**

Nature of Transactions	Name of the Related Party	Year ended March 31, 2016 (USD)	Year ended March 31, 2015 (USD)
Purchases of internet security software and Unified Threat Machine	Quick Heal Technologies Limited	16,040	17,299
Advance for expenses received	Quick Heal Technologies Limited	1,183	282
Unsecured loan taken	Quick Heal Technologies (MENA) FZE	75,000	400,000
Interest on unsecured loan	Quick Heal Technologies (MENA) FZE	10,869	3,839
Repayment of Principal amount of the loan	Quick Heal Technologies (MENA) FZE	180,604	48,270

**iii. Balances outstanding:**

	Name of the Related Party	As at	
		March 31 2016 (USD)	March 31 2015 (USD)
Trade payable	Quick Heal Technologies Limited	59,852	43,812
Advance taken	Quick Heal Technologies Limited	1,465	282
Unsecured Loan	Quick Heal Technologies (MENA) FZE	246,529	351,730

**20. Leases**
**Operating lease: Company as lessee**

The Company has entered in to an operating lease on commercial premises. This lease has a life of three years. There are no restrictions placed upon the Company by entering into leases.



# Quick Heal Technologies America Inc.

## Notes forming part of financial statements

Future minimum rentals payable under non-cancellable operating leases are as follows:

Particulars	Year ended March 31, 2016 (USD)	Year ended March 31, 2015 (USD)
Within one year	9,938	9,650
After one year but not more than five years	1,275	18,450

Details of lease payments

Particulars	Year ended March 31, 2016 (USD)	Year ended March 31, 2015 (USD)
Lease payments recognised in the statement of profit and loss for the year	9,650	1,600

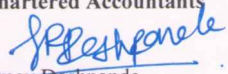
21. In absence of virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized, the Company has not recognized the deferred tax asset as at balance sheet date.
22. Having regard to the insignificant amount of expenses for the year in respect of retirement benefits payable to the employees, no provisions for the same is made in the financial statements.
23. The Company has incurred net loss of USD 411,173 (USD 56,381 for the year ended March 31, 2015) for the year ended March 31, 2016 and has accumulated loss of USD 471,033 (USD 59,860 as at March 31, 2015) indicating that the entire net worth has been eroded as at March 31, 2016. The Company is in the initial gestation period and 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.

These Financial statements have been prepared on going concern basis, notwithstanding the net loss during the year and full erosion of the net worth as the Holding Company has undertaken to provide unconditional financial support and the management is confident that the ultimate outcome would result in the revival of the Company and recovery of its losses.

### 24. Previous year's figures

Previous year figures have been regrouped/reclassified, where necessary, to conform to this year's classification.


For BARVE PAGE DESHPANDE & CO  
Firm registration no: 136034W  
Chartered Accountants

  
Amey Deshpande  
Partner  
Membership No: 133789

Place: Pune  
Date:



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

  
Kailash Katkar  
Director

