

Statutory Auditor's report in respect of proposed buyback of equity shares by Quick Heal Technologies Limited ('the Company') in terms of clause (xi) of Schedule I of Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 (as amended) ("Buyback Regulations").

To,
The Board of Directors
Quick Heal Technologies Limited
Marvel Edge, Office No. 7010 C&D,
7th Floor, Opposite Neco Garden Society,
Viman Nagar, Pune - 411014

We have performed the following procedures agreed with you vide engagement letter dated March 09, 2021, in connection with the proposal of Quick Heal Technologies Limited ('Company') to buy-back its shares in pursuance of the provisions of Section 68, 69 and 70 of the Companies Act, 2013 ('the Act') read with Rule 17 of Companies (Share Capital and Debentures) Rules 2014 ('the Rules') and Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 ('the Regulation'), approved by the Board of Directors of the Company at the Board Meeting held on March 10, 2021.

Board of Directors Responsibility for the statement

The preparation of the Statement of determination of the amount of permissible capital payment for the buyback is the responsibility of the Board of Directors of the Company, including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes design, implementation and maintenance of control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

The Board of Directors are responsible to make full inquiry into the affairs and prospects of the Company and to form an opinion that the Company will not be rendered insolvent within a period of one year from the date of the board meeting as well as the date of special resolution passed by the Shareholders at their meeting held for the purposes of the buyback and such declaration has been signed by at-least two directors.

Auditor's Responsibility

Pursuant to the requirements of the Regulations, it is our responsibility to provide reasonable assurance on the following "Reporting Criteria":

- i) Whether the amount of capital payment for the buyback is within the permissible limit and computed in accordance with the provision of Section 68 of the Act;
- ii) Whether the Board of Directors has formed the opinion, as specified in Clause (x) of Schedule I to the Regulation, on reasonable grounds that the Company having regard to its state of affairs will not be rendered insolvent within a period of one year from the date of board meeting as well as the date of special resolution passed by the Shareholders at their meeting held for the purposes of the buyback; and
- iii) Whether, we are aware of anything to indicate that the opinion expressed by the Directors in the declaration as of any of the matters mentioned in the declaration is unreasonable in circumstances as at the date of declaration.

The standalone and consolidated financial statements as at March 31, 2020, have been audited by us, on which we issued an unmodified audit opinion vide our reports dated May 21, 2020. Our audits of these financial statements were conducted in accordance with the Standards on Auditing, as specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

We have been provided with the following documents:

- a) Audited standalone and consolidated financial statement of the Company for the year ended March 31, 2020
- b) Board Resolution for approval of buyback of shares and approval of declaration of Directors in terms of section 68(6) of Companies Act, 2013 dated March 10, 2021
- c) Calculation of permissible amount of buy back of securities as per section 68 of the Act
- d) Affidavit verifying the declaration of solvency dated March 10, 2021 stating that Company shall not be rendered insolvent within a period of one year from the date as per the provision of the Act read with the Rules and the Regulation
- e) Article of Association of the Company
- f) Calculation of debt to capital ratio
- g) Bank confirmations regarding the outstanding debts, if any

A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the Reporting criteria mentioned in Auditor's Responsibility paragraph above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the Reporting Criteria. We have performed the following procedures in relation to the Statement

- 1. Inquired into the state of affairs of the Company in relation to its audited standalone and consolidated financial statement for the year ended March 31, 2020
- 2. Examined authorization for buyback from the Article of Association of the Company

3. With respect to the amount of permissible capital payment for buy back of shares, verified whether the same is within the limits as specified under Section 68 of the Act
4. Examined the ratio of debt owned by the Company, if any, is not more than twice the capital and free reserves after such buyback, based on both, the audited standalone and consolidated financial statement of the Company as on March 31, 2020
5. Examined the bank confirmations obtained
6. Examined that all the shares for buyback are fully paid up
7. Examined resolutions passed in the meetings of the Board of Directors for approval of buyback of shares and declaration of solvency by Directors
8. Examined affidavit verifying the declaration of solvency dated March 10, 2021.

Opinion

Based on our examination and according to the information and explanation given to us, in our opinion

1. Statement of permissible capital payment towards buyback of shares as annexed to this report, has been properly determined in accordance with Section 68 of the Act and Regulation 4(i) of Regulations; and
2. The Board of Directors at their meeting held on March 10, 2021 have formed its opinion, as specified in clause (x) of Schedule I of the Regulation, on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of board meeting as well as the date of special resolution passed by the Shareholders at their meeting held for the purposes of the buyback, and we are not aware of anything to indicate that the opinion expressed by the Directors in the declaration as to any of the matter mentioned in the declaration is unreasonable in circumstances as at the date of declaration.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Our report is addressed to Board of Directors of the Company pursuant to the requirement of the Regulation solely to enable them to include it (a) in the explanatory statement to be included in the postal ballot notice to be circulated to the shareholders, (b) in the public announcement to be made to the Shareholders of the Company, (c) in the draft letter of offer and letter of offer to be filed with the Securities and Exchange Board of India, the stock exchanges, the Registrar of Companies as required by the Regulations, the National Securities Depository Limited and the Central Depository Securities (India) Limited and for providing to the Merchant Banker to the Buyback Offer, and should not be used by any other person or for any other purpose. This report may not be useful for any other purpose. MSKA & Associates shall not be liable to the Company or any other concerned, for any claims, liabilities or expenses relating to this assignment. This report relates only to the items specified above.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Nitin Manohar Juman
Partner
Membership No. 111700
UDIN: 21111700AAAABG1098

Place: Pune
Date: March 10, 2021

Encl: Statement of permissible capital payment

Statement of permissible capital payment

Computation of amount of permissible capital payment towards buyback of equity shares in accordance with Section 68(2) of the Act

(Amount in INR Million)

| Particulars | As at March 31, 2020 | |
|--|----------------------|----------------|
| | Standalone | Consolidated |
| Equity Share Capital | 642.03 | 642.03 |
| Total (A) | 642.03 | 642.03 |
| Retained Earnings | 4747.59 | 4,707.81 |
| Securities Premium Account | 593.84 | 593.84 |
| General reserves | 450.26 | 450.26 |
| Total Free Reserves (B) | 5791.69 | 5751.91 |
| Grand Total (A+B) | 6433.72 | 6393.94 |
| Maximum amount of capital payment permissible for the buy back-back of equity shares in accordance with Section 68(2) of the Act (25% of paid up equity capital and free reserves) | 1608.43 | 1598.48 |

Notes:

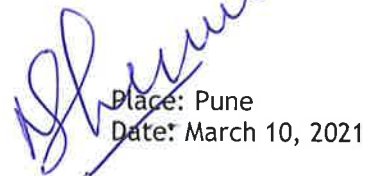
1. Calculation in respect of Permissible Capital payment for buy back is based on the audited standalone and consolidated financial statement for the year ended March 31, 2020.
2. Amalgamation reserve, capital redemption reserve, employee stock option reserve, reserve on fair value through other comprehensive income and foreign currency translation reserve has not been considered for the purpose of above computation.

For and on behalf of **Quick Heal Technologies Limited**


Kailash Katkar
Managing Director & Chief Executive Officer
DIN Number: 00397191

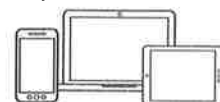
Place: Pune
Date: March 10, 2021

Nitin Kulkarni
Chief Financial Officer



Place: Pune
Date: March 10, 2021

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