

QUICK HEAL TECHNOLOGIES LIMITED

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STATEMENT OF CONSOLIDATED FINANCIAL RESULTS OF QUICK HEAL TECHNOLOGIES LIMITED FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2020

(₹ in million, except earning per share)

Sr. No.	Particulars	Quarter ended			Nine Months ended		Year ended
		December 31, 2020 (Unaudited)	September 30, 2020 (Unaudited)	December 31, 2019 (Unaudited)	December 31, 2020 (Unaudited)	December 31, 2019 (Unaudited)	March 31, 2020 (Audited)
1	Income						
	Revenue from operations	698.75	844.13	657.07	2,277.50	2,218.84	2,861.38
	Other income	62.87	58.25	75.70	184.27	233.54	315.96
	Total income	761.62	902.38	732.77	2,461.77	2,452.38	3,177.34
2	Expenses						
	Cost of raw materials consumed	1.80	3.82	-	6.67	7.97	8.16
	Purchase of security software products	6.62	29.64	17.50	42.86	50.25	95.94
	Changes in inventories of security software products	12.98	(2.97)	(1.03)	26.85	13.13	(3.86)
	Employee benefits expense	289.82	280.99	246.96	832.34	768.38	1,014.19
	Depreciation and amortisation expense	49.57	48.79	53.91	144.87	160.84	216.77
	Other expenses	222.90	141.79	161.39	491.93	541.04	833.03
	Total expenses	583.69	502.06	478.73	1,545.52	1,541.61	2,164.23
3	Profit / (loss) before exceptional items and tax (1-2)	177.93	400.32	254.04	916.25	910.77	1,013.11
4	Exceptional items	-	-	-	-	-	-
5	Profit / (loss) before tax (3-4)	177.93	400.32	254.04	916.25	910.77	1,013.11
6	Tax expense						
	Current tax						
	Pertaining to profit for the current period	23.25	107.21	56.69	229.37	208.61	211.44
	Deferred tax	20.07	4.76	19.50	14.34	37.98	57.56
	Total tax expense	43.32	111.97	76.19	243.71	246.59	269.00
7	Profit / (loss) for the period (5-6)	134.61	288.35	177.85	672.54	664.18	744.11
8	Other comprehensive income, net of tax						
	Other comprehensive income not to be reclassified to profit or loss in subsequent periods:						
	Re-measurement of defined benefit plans	(4.17)	0.30	3.92	(2.87)	8.48	9.73
	Other comprehensive income to be reclassified to profit or loss in subsequent periods:						
	Exchange differences on translation of foreign operations	(0.37)	(2.43)	1.26	(2.88)	0.35	2.16
	Total other comprehensive income	(4.54)	(2.13)	5.18	(5.75)	8.83	11.89
9	Total comprehensive income (after tax) (7+8)	130.07	286.22	183.03	666.79	673.01	756.00
10	Paid-up equity share capital (face value of ₹10 each)	642.05	642.03	642.03	642.05	642.03	642.03
11	Other equity (as per balance sheet of previous accounting year)	-	-	-	-	-	5,798.65
12	Earnings per share of ₹10 each:						
	(not annualised for the quarter)						
	a) Basic	2.10	4.49	2.77	10.48	10.06	11.34
	b) Diluted	2.09	4.49	2.77	10.47	10.05	11.34

Audited standalone financial information

(₹ in million, except earning per share)

Sr. No.	Particulars	Quarter ended			Nine Months ended		Year ended
		December 31, 2020 (Unaudited)	September 30, 2020 (Unaudited)	December 31, 2019 (Unaudited)	December 31, 2020 (Unaudited)	December 31, 2019 (Unaudited)	March 31, 2020 (Audited)
1	Revenue from operations	711.23	828.60	651.35	2,274.23	2,199.73	2,834.04
2	Profit before tax	170.21	395.78	255.57	910.37	922.07	1,004.40
3	Profit after tax	127.22	284.01	179.63	667.56	676.15	736.39

Notes to financial results:

- The above financial results for the quarter and period ended December 31, 2020 have been subjected to limited review by the statutory auditors of the Group and reviewed by the Audit Committee and approved by the Board of Directors of the Parent Company at the meeting held on February 3, 2021.
- During the year ended March 31, 2019, Parent Company had received notice of demand dated March 13, 2019, in relation to service tax under the provisions of Finance Act, 1994 for ₹ 387.43 million (excluding interest and penalties) covering the period from April 1, 2016 to June 30, 2017 on supply of anti-virus software in Compact Disk. Company replied to the notice of demand to Commissioner of Goods and Service Tax, Pune.
During the earlier years, Parent Company received similar notice of demands in relation to service tax under the provisions of Finance Act, 1994 for ₹ 1,223.07 million (excluding penalty of ₹626.97 million and pre-deposit, if any) covering the period from March 1, 2011 to March 31, 2016 on supply of anti-virus software in Compact Disk. Parent Company had filed an appeal with Customs, Excise and Service Tax Appellate Tribunal, New Delhi for the period March 1, 2011 to March 31, 2014 and with the Customs, Excise and Service Tax Appellate Tribunal, Mumbai for the period April 1, 2014 to March 31, 2016.
The Hon'ble Customs, Excise & Service Tax Appellate Tribunal (CESTAT), Principal Bench, New Delhi, vide its judgment (Order No. 50022/2020) dated January 09, 2020 (Service Tax Appeal No. 51175 of 2016), has set aside the Service Tax demand for ₹560.71 million along with interest and penalty which was earlier confirmed by Directorate General of Central Excise Intelligence (DGCEI), New Delhi vide its Order of 2016 covering period from for the period March 1, 2011 to March 31, 2014.
Based on this latest judgement of CESTAT, New Delhi, technical circular issued by Government authorities and an independent legal opinion obtained by the Parent Company in earlier years, the Parent Company is confident to get relief and set aside for balance period from April 01, 2014 to June 30, 2017. Accordingly, no provision/contingent liability had been recognized/disclosed in the financial statements.
The Commissioner of Service Tax, Delhi has preferred an appeal against the above said Order passed by the Hon'ble Customs, Excise & Service Tax Appellate Tribunal (CESTAT) amounting to ₹560.71 million and hearing for condonation of delay of appeal is scheduled with the Hon'ble Supreme Court on February 05, 2021.
- The Group is engaged in providing security software solutions. The Chief Operating Decision Maker (CODM) reviews the information pertaining to revenue of each of the target customer group (segments) viz. retail, enterprise & government and mobile. However, based on similarity of activities/products, risk and reward structure, organisation structure and internal reporting systems, the Group has structured its operations into one operating segment viz. anti-virus and as such there is no separate reportable operating segment as defined by Ind AS 108 "Operating segments".
- Estimated uncertainty relating to COVID-19 outbreak**
The Management has made an assessment of the impact of COVID-19 on the Group's operations, financial performance and position as at and for the quarter ended December 31, 2020 and has concluded that the impact is primarily on the operational aspects of the business. In assessing the recoverability of receivables including receivables, investments, and other assets, the Group has considered internal and external information up to the date of approval of these financial results including status of existing and future customer orders, cash flow forecasts, commitments with suppliers, etc. The Group has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Group expects to gradually recover the carrying amount of these assets, the Group has also considered the impact of subsequent events in its assessment and concluded that there is no significant impact which is required to be recognised in the financial results. Accordingly, no further adjustments have been made to the financial results. Considering the dynamic nature of the issue, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial results and the Group will continue to closely monitor any material changes to future economic conditions.
- The Indian Parliament has approved the Code on Social Security 2020 which subsumes the Provident Fund and the Gratuity Act and rules thereunder. The Ministry of Labour and Employment has also released draft rules thereunder on November 13, 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Group will evaluate the rules, assess the impact if any, and account for the same once the rules are notified and becomes effective.
- Previous period's figures have been regrouped / reclassified wherever necessary to make them comparable with the current period's classification / disclosure.

For and on behalf of the Board of Directors

Sd/-

Kailash Katkar

Managing Director & Chief Executive Officer

Place: Pune

Date: February 03, 2021