Quick Heal Technologies Limited

Annual Report 2018-19

We have been outdoing ourselves, for the last 25 years.

Bettering ourselves...

2018-19: Innovative Artificial Intelligence (AI) driven protection and securing Internet of Things (IoT)

2011-16 Protecting data, transactions and cloud transitions

2006-10 Threat protection for smart phones and tablets

2001-05 Ensured a safe online experience

1996-00 Secured PCs, networks and emails

1993-95 Protected early generations of PCs

Quick Heal
Security Simplified

SEQRITE
Enterprise Cybersecurity Solutions by Quick Heal

Across the pages

Please find our online version at [https://www.quickheal.co.in/investors/financial-information#annualResults]

Or simply scan to download

Disclaimer

This document contains statements about expected future events and financials of Quick Heal Technologies Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management's Discussion and Analysis of this Annual Report.

Financial Highlights

₹3,149 Million

Revenue in 2018-19

308 bps

PAT margins from 26% in 2017-18 to 29% in 2018-19

6%

EBIDTA from ₹ 1,203 Million in 2017-18 to ₹ 1,279 Million in 2018-19

30 bps

Returns on Capital Employed from 13.5% in 2017-18 to 13.8% in 2018-19

281 bps

EBIDTA margins from 38% in 2017-18 to 41% in 2018-19

11%

PAT from ₹ 830 Million in 2017-18 to ₹ 918 Million in 2018-19

Shareholding Structure

Promoter and promoter group: 72.32%

Public: 19.85%

Institutions: 7.83%

Investor information

Market Capitalisation as on 31 March, 2019

₹159.2 Million

BSE Code: 539678

NSE Symbol: QUICKHEAL

Bloomberg Code: QUICKHEAL:IN

Dividend Declared: ₹ 2 per share

AGM Date: 15 July, 2019

AGM Venue: Ramee Grand Hotel, Pune
Plot. No. 587/3, CST No. 1221/C,
Apte Road, Shivaji Nagar,
Pune Maharashtra 411 004

We have been outdoing ourselves, for the last 25 years.

Bettering ourselves.

For us, at Quick Heal Technologies Limited, we focus on not just being the best at what we do but also being the most competitive.

We constantly compare ourselves to what we were yesterday. We mould ourselves into what the future demands us to be.

In doing so, we are constantly outdoing ourselves.

1993

First version of Quick Heal antivirus launched

In this goal of bettering ourselves, technology and innovation are the two crucial instruments of change that we rely on. Living in the modern era of technology, internet is the fundamental pillar that runs our contemporary world. It is a basic necessity which is continuously growing to serve millions of users with multitude of purposes in all parts of the world. It is a catalyst for the need of increased and persistent connectivity. It is revolutionising the way we communicate. It is driving creation and growth. It is accelerating development and advancement.

While it is making the world smarter, it is also making the digital world extremely vulnerable at the same time. For every single growth opportunity presented, there is an equal or increased chance of a cyberthreat. Cybersecurity is increasingly becoming a necessity and we, at Quick Heal Technologies Limited, are continuously working towards securing our hyperconnected world.

In the wake of digitalisation, the application of cybersecurity has changed manifolds and widened in every direction. Evolving at a break-neck speed, cybersecurity is no longer limited to PC support. It's application landscape is constantly changing with the evolution of IoT and AI-based devices.

We have been helping our customers make a dramatic, transformative shift on how they approach cybersecurity. Our journey of 25 years is not just about the implementation of technologies, it is rather a change in the very philosophy on what cybersecurity is and how it should be designed. It is in this quest for providing better cybersecurity that Quick Heal Technologies Limited thrives and sees every opportunity as a chance of bettering ourselves.

Quick Heal Technologies Limited
Creating a secure digital world for all

Since 1995, Quick Heal Technologies has evolved as one of the leading IT security products and solutions Company in India. The Company offers innovative IT security solutions to multiple segments such as home, SOHO, small and medium businesses, enterprises and the Government.

Our aim and persistent endeavour is to protect the digital world from ever-evolving cyberthreats. We work towards delivering comprehensive security portfolio, services and knowledge. The Company designs superior quality and advanced cloud-based products for the Retail & Enterprise and Government segments under the brands Quick Heal and Seqrite, respectively. Our wide range of products secure information on various networks and platforms such as Windows, Mac, Android and Linux across various device platforms – desktops , laptops, mobiles and other smart devices.

Quick Heal focuses on fulfilling customers' expectation by providing the most reliable and user-friendly cybersecurity and data protection products and solutions. With a highly qualified workforce and expanding global footprint, we are all set to capture a larger share in the cybersecurity landscape.

Quick Heal
Security Simplified

SEQRITE
Enterprise Cybersecurity Solutions by Quick Heal

Business Segments

Home and SOHO, SME, Enterprises and Government

Platforms

Laptop, desktop, notepad, mobile, server and smart devices

9 Million

Active licences globally

25 Years of innovation in the cybersecurity industry

30%+ Market share in retail segment in India

32,900

Enterprise customers

25,000+

Partners in India

40 Countries

Products sold

Vision

- *To be the trusted global leader in securing the digital world*

Mission

- *Secure our customers by providing innovative, most-preferred and valued security solutions, services and knowledge*
- *Protect information and interactions across networks, devices and things globally*
- *Build a healthy business and organisation*

MD and CEO's Message

What started as a bootstrapped venture 25 years ago is today an all-round player in cybersecurity domain with presence in consumer, business and Government segment.

Dear Shareholders,

Since our inception, 25 years back, we have grown exponentially. Our growth speaks of the support and faith that our employees, stakeholders and the entire Quick Heal team entrusts us with. We envision a bright future and your encouragement only inspires a momentum that pushes us each day to get better in terms of innovation amd technology.

Performance update

In 2018-19, we reported revenues of ₹ 3,149 Million as against ₹ 3,183 Million in the previous year, a decline of 1%. The performance was not in line with our expectations owing to a marginal dip of 5% in the retail business and overall muted volume growth of 2%. The Enterprise and Government businesses grew at 8% in Revenues and 11% in volumes despite competitive environment. The customer acquisition has moved up, but average realisation per unit is lower so the translation of customer acquisition to the revenue has not moved up as much. Our EBIDTA strengthened by 6% from ₹ 1,203 Million in 2017-18 to ₹ 1,279 Million in 2018-19. We also reported healthy EBIDTA margins of 41%, an increase of 281 bps over the previous year. With no interest cost and lower depreciation, PAT increased 11% from 830 Million in 2017-18 to ₹ 918 Million in 2018-19. The satisfactory profitability levels were an outcome of our relentless cost rationalisation efforts during the year.

We maintained our leadership position in the retail segment with 30%+ market share. During the year 2018-19, we witnessed 2% increase in the total retail licences sold and improved our renewal ratio to approximately 40%. We have built the largest channel eco-system selling security products and solutions. Thanks to their untiring efforts that helped us create the desired brand visibility. It also helped us improve acceptability of our IT security products across the households and business users.

Economic update

India posted an annual GDP growth rate of 6.8% during the financial year 2018-19. Various economic reforms undertaken by the Government (improvement in Ease of Doing Business, opening to foreign direct investments, the push for infrastructure development and a stable and decisive policy environment) underpinned this economic growth. This enabled India to stand ahead of China while retaining its tag of the 'world's fastest growing economy'. The financial sector reforms with efforts to reduce public debt remained essential to secure the economy's growth prospects. This was further supported by strengthening and stabilising goods and services tax compliance. With Government's push for digitalisation, India is swiftly moving towards a digital economy.

Relevance of IT security in today's digital world

As we grow increasingly dependent on connectivity, digitalisation is becoming a part of our daily lives. Within just a few years, the internet has consolidated itself as a very powerful platform. It has forever changed the way we communicate, entertain or even do business. The internet has given a globalised dimension to the world with everything available at our fingertips. In the wake of digitalisation, words like digital business and digital governance are catching up across multiple industries. Drivers such as social media, cloud, analytics, mobility along with IoT (Internet of Things) and security, drive every enterprise to transform and be successful in the changing economy.

But just like every coin, digital too has a dark side in the form of cyberthreats.

Increasing cyber crimes

Cybercriminals and malicious threat actors threaten the security of the digital economy, making it fragile with each attack. They expose the internet world to vulnerabilities with increasing magnitudes of threats, resulting in infecting and hijacking devices and networks. Today, cybercrime is an organised industry where cybercriminals work with the intent of making financial gains and other malicious motives. The ever-increasing mobile workforce and emergence of 'bring your own device' (BYOD) work culture presents unprecedented challenges to the cybersecurity ecosystems of the businesses.

Emergence of smartphones

Increasing smartphone usage has led to a higher dependency on the internet and technology. Besides, abundant availability of hi-speed data and connectivity at affordable price points are gradually changing the way a user consumes content and absorbs information. Customers engage across an increasing number of touchpoints and marketing efforts are also designed keeping these in mind. More and more customers are becoming mobile connected and a good chunk of retail purchases happen online. Under such circumstances, it would only be suffice to say that the internet is an omni-present tool influencing and shaping human behaviour while exposing devices to immense cybersecurity threats.

Artificial Intelligence (AI)

In a fast evolving digital world, automation is slowly becoming the norm and a critical differentiator. Soon, smart algorithms, bots and AI tools will become a norm for organisations. AI has been around for several decades but is only now gaining traction. AI's ability to allow machines to take over the more mundane and repetitive jobs makes it a preferred choice. The flipside to this is the fear that automation will result in cyberthreats.

Internet of Things (IoT)

IoT presents organisations with the opportunity to improve internal efficiencies, provide better customer service, enter new markets and even build new business models. From banks to healthcare, utilities to automotive, manufacturing and logistics, industries and home automation are already being transformed by IoT, and the expectation is that almost every sector will be impacted in the future. This leads to larger scale of connected devices and integration of operations. However, there are loopholes and inadequate security systems which may lead to possible hacking and substantial damage.

Innovation-driven products and solutions

We take pride in consistently charting innovation in a field that never ceases to evolve. By delivering a true platform and empowering a growing ecosystem of change-makers like us, we provide highly effective and innovative cybersecurity solutions. This has given us the privilege of securing millions of end points and networks.

A robust cybersecurity approach requires adequate proactive and reactive measures to identify, protect, detect, respond and recover processes. We have consistently transformed deep threat intelligence and security expertise into security solutions and services for our customers across the globe. Our tailor-made products come with enhanced security features that help increase our product's acceptability. We introduced new products during the year which include Seqrite Cloud, Secure Web Gateway (SWG), Enterprise Mobility Management Solution (mSuite and MobiSMART) and Quick Heal Home Security (QHHS). Our objective is not just to protect the enterprise with good cybersecurity hygiene and basic lines of defence, we also aim to optimise the response time to attacks with more advanced tools and strategies. As digital transformation proceeds, cybersecurity must be an enabling function rather than an obstacle to innovation and change.

Today, we are a prominent and renowned name in the IT security industry. Our brands Quick Heal and Seqrite are now widely accepted across retail, enterprise and Government segments. Our cybersecurity products and solutions keep our 9 Million users protected and secure 32,900+ businesses and enterprises from the potential threats and unanticipated cyber-attacks. Our powerful integration of cyberthreat expertise, automated systems and state-of-the-art technology give us the desired edge. Our research operations help provide proactive protection and rapid response that our customers are looking for to safeguard their security, productivity and regulatory compliance.

Long term goals

We are well-positioned to leverage our strengths and explore future opportunities by:

- Offering tailored products and solutions to our users, backed by our strong R&D and innovation and deep intelligence on threat landscape
- Focussing on new technologies such as IoT and home security automation
- Penetrating deeper into Tier II and Tier III towns by offering unique value propositions and improved customer experience
- Continue focussing on the manufacturing, BFSI, healthcare and hospitality industries
- Expanding mobile capabilities by monetising on free solutions for mobile devices and developing products for various platforms
- Emphasising on international expansions through consistent brand building and marketing effort and exploring opportunities across Africa, Middle East and South East Asia

Regulations: The way forward

As society today is getting more and more dependent on technology, cyber crimes are bound to increase. For greater security, private and public companies will have to take the responsibility collectively to ensure safety of their customers' information and other confidential data. Right data protection and cybersecurity policies would be the correct step in this direction.

The European Union implemented the General Data Protection Regulation (GDPR), a law for primarily regulating how companies protect EU citizens' personal data. Under the GDPR law, the Companies are required to diligently comply with the new data protection and privacy requirements. Any failure in compliance will be strictly subjected to stiff penalties and fines. Taking cue from the European Union, India too needed a fresh data protection law, to ensure growth of the digital economy while safeguarding personal data of citizens. Srikrishna Committee was set up to propose the bill on Data Protection which states to introduce a data protection regime that can strike an appropriate balance between protecting the interests of the individuals and the legitimate use of data by State and private businesses. Also, the Government of India has proposed Digital Information in Healthcare Security Act (DISHA) that provides tougher privacy and security measures for digital health data. Going ahead, the awareness related to various regulations is likely to increase the demand for robust cybersecurity and data protection products and solutions.

Closing thoughts

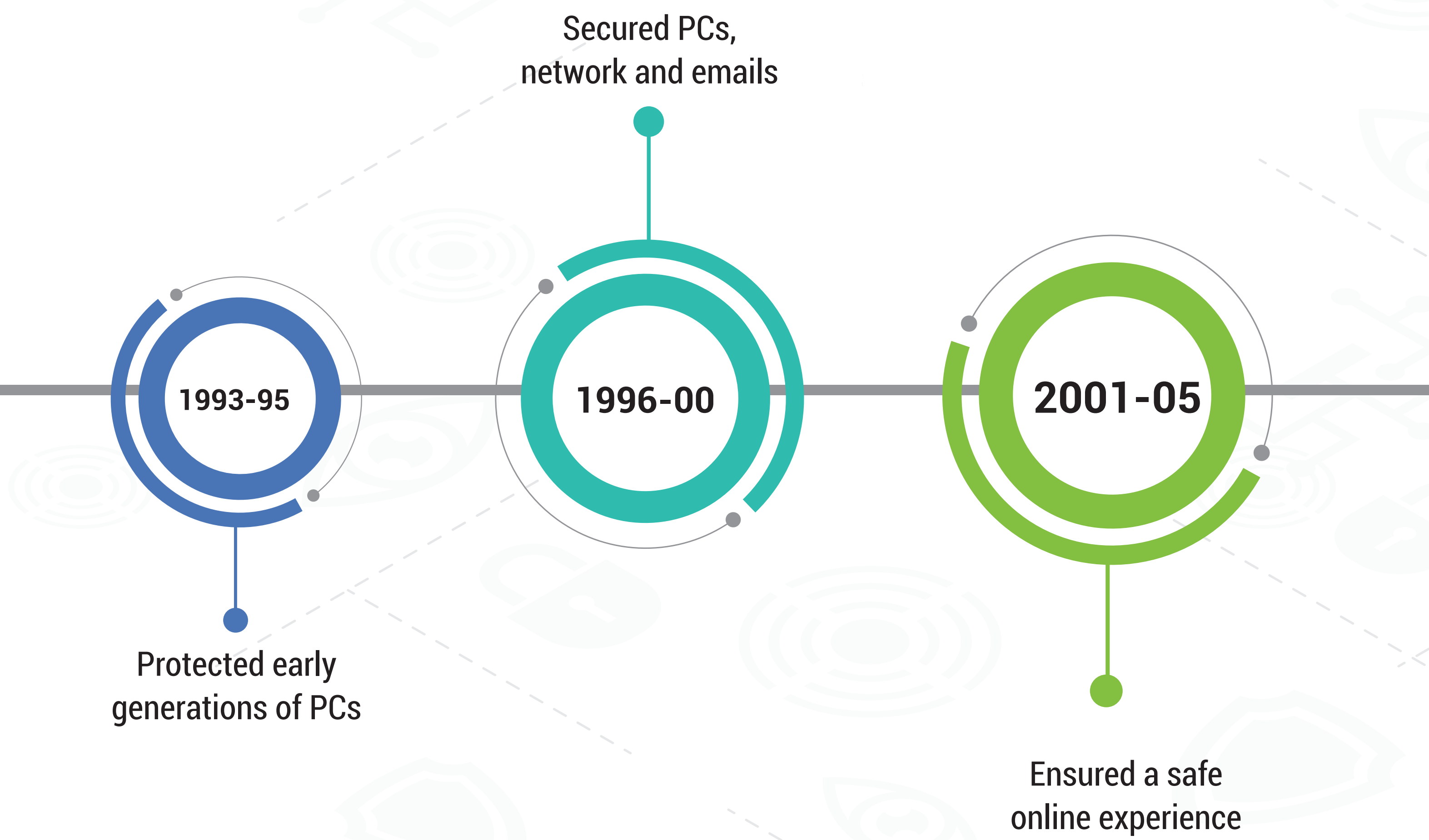
In conclusion, I am proud of the tremendous progress we, as a Company, have made in the last 25 years. It's a result of independent thinking and extensive expertise and adaptability with respect to people and the ambition to create innovations which provide added value for customers. These values have been the cornerstones of our success and will continue being so in the future as well.

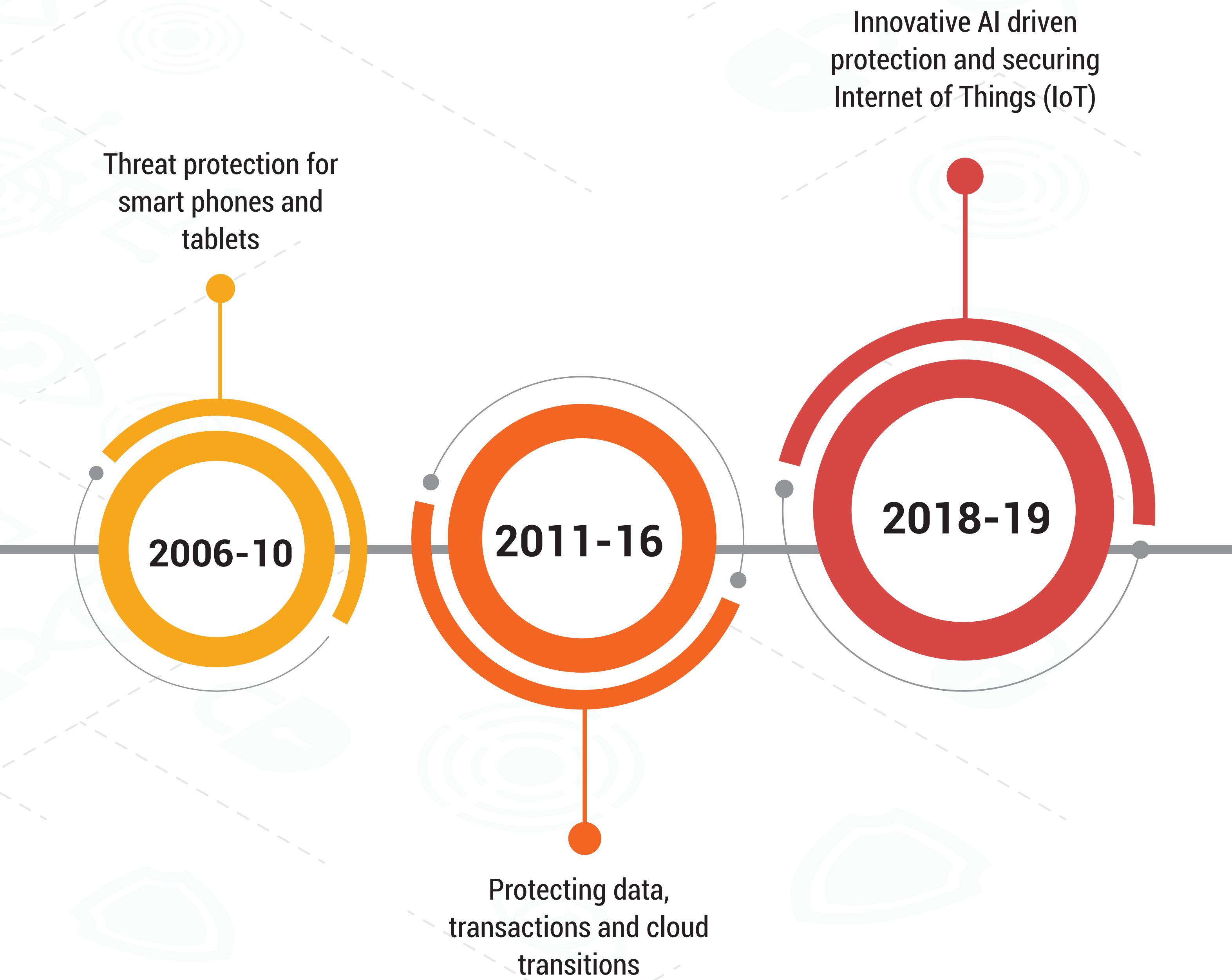
I would like to express my heartfelt thanks to all those who have played a part in the journey of the Quick Heal family. I must thank our dedicated employees, channel partners, stakeholders, investors and shareholders for their continued support, loyalty and confidence entrusted upon us. Without them, this journey would not have been possible. I assure you our relentless focus and hard work for many years to come. We will continue to look forward in securing the digital world while creating tangible value.

Best Wishes,

Kailash Katkar

Unfolding 25 Glorious Years



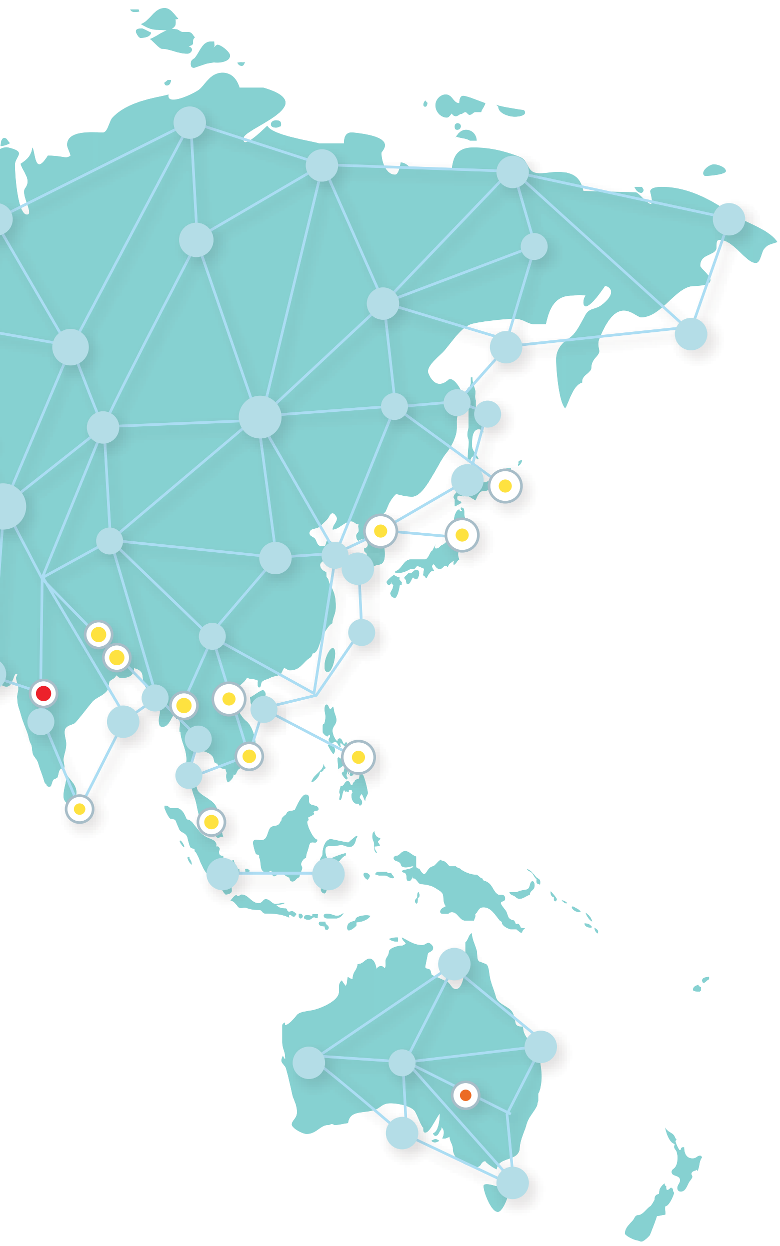

Threat protection for smart phones and tablets
2006-10
2011-16
Protecting data, transactions and cloud transitions
Innovative AI driven protection and securing Internet of Things (IoT)
2018-19

Securing across boundaries

40

Countries

Products sold



Quick Heal Global Presence

- *INDIA (HO)* Quick Heal Technologies Limited
- *USA* Quick Heal Technologies America Inc
- *KENYA* Quick Heal Technologies Africa Limited
- *UAE* Quick Heal Technologies (MENA) FZE
- *JAPAN* Quick Heal Japan KK.

International Partner Locations

- Benin
- Ghana
- Gambia
- Kenya
- Malawi
- Togo
- Uganda
- South Africa
- Zambia
- Zimbabwe

- Bangladesh
- Japan
- Cambodia
- Korea
- Sri Lanka
- Myanmar
- Malaysia
- Nepal
- Philippines
- Vietnam

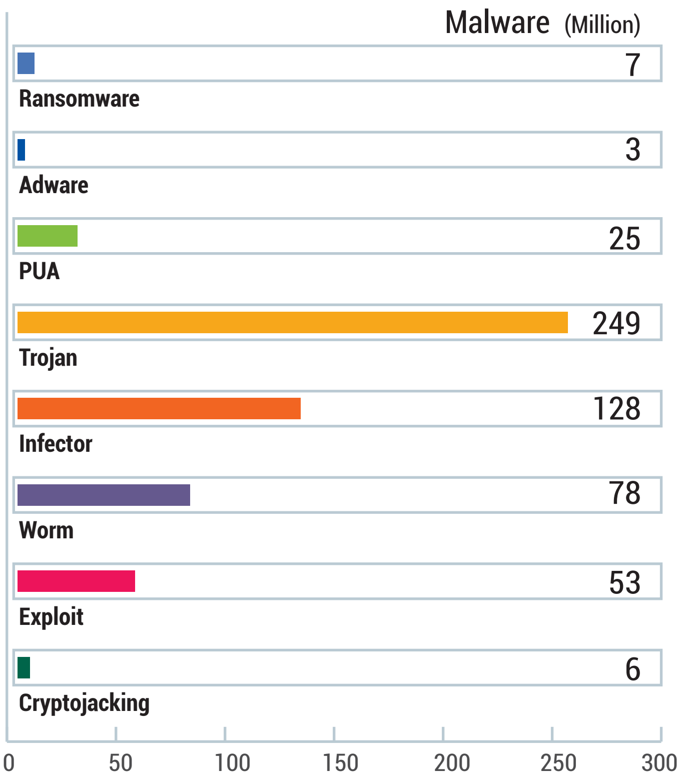
- Austria
- France
- Italy
- Netherlands
- Poland
- Australia
- United Arab Emirates
- United States
- Venezuela

A year of proactive intelligence on the cyberthreat landscape

Cyber attacks are increasing at a rapid pace. With cybercriminals getting more sophisticated, a record number of security breaches and IT outages are exposing security flaws across the digital world. Under such circumstances, right approach towards cybersecurity is the need of the hour. A proactive strategy that does not just help identify a hazardous situation but also helps mitigating the same is the pressing need of today's digital era. It is crucial to stay alert and know if something is afoot.

During the year, we detected new and advanced threats in a proactive manner and implemented real-time solutions to stay a step ahead of the threat actors. With Quick Heal Security Labs, our state-of-the-art research and response division, we detected major cyberthreats before hand and provided advanced cloud-based products and solutions to our customers.

Windows malware detection statistics in 2018



Source: Quick Heal Annual Threat Report 2019

23 Million

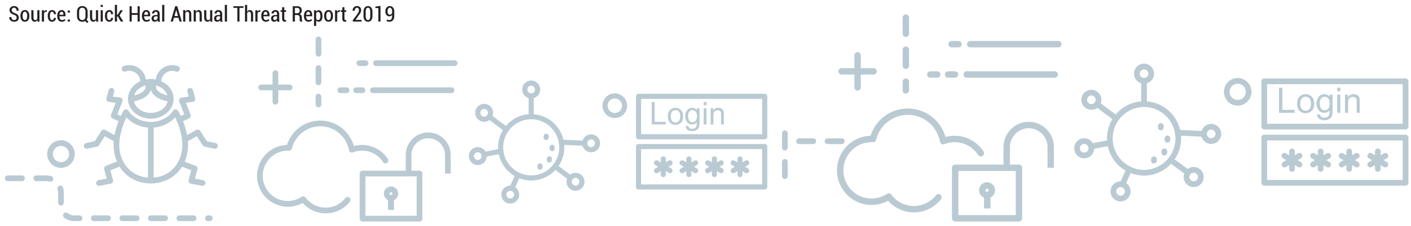
Detections made for the top windows malware Trojan.Starter.YY4 in 2018

Source: Quick Heal Annual Threat Report 2019

49 Million

Windows malware threats detected on enterprises in H2 2018

Source: Seqrite Threat Report H2 2018



0.1

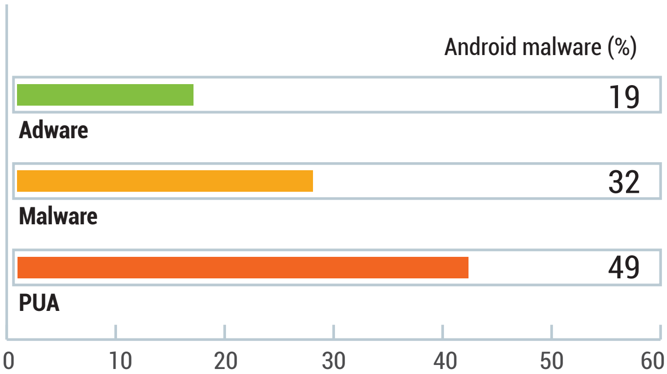
Million

Detections made for the top android malware Android. Agent.GEN14722 in 2018

Source: Quick Heal Annual Threat Report 2019

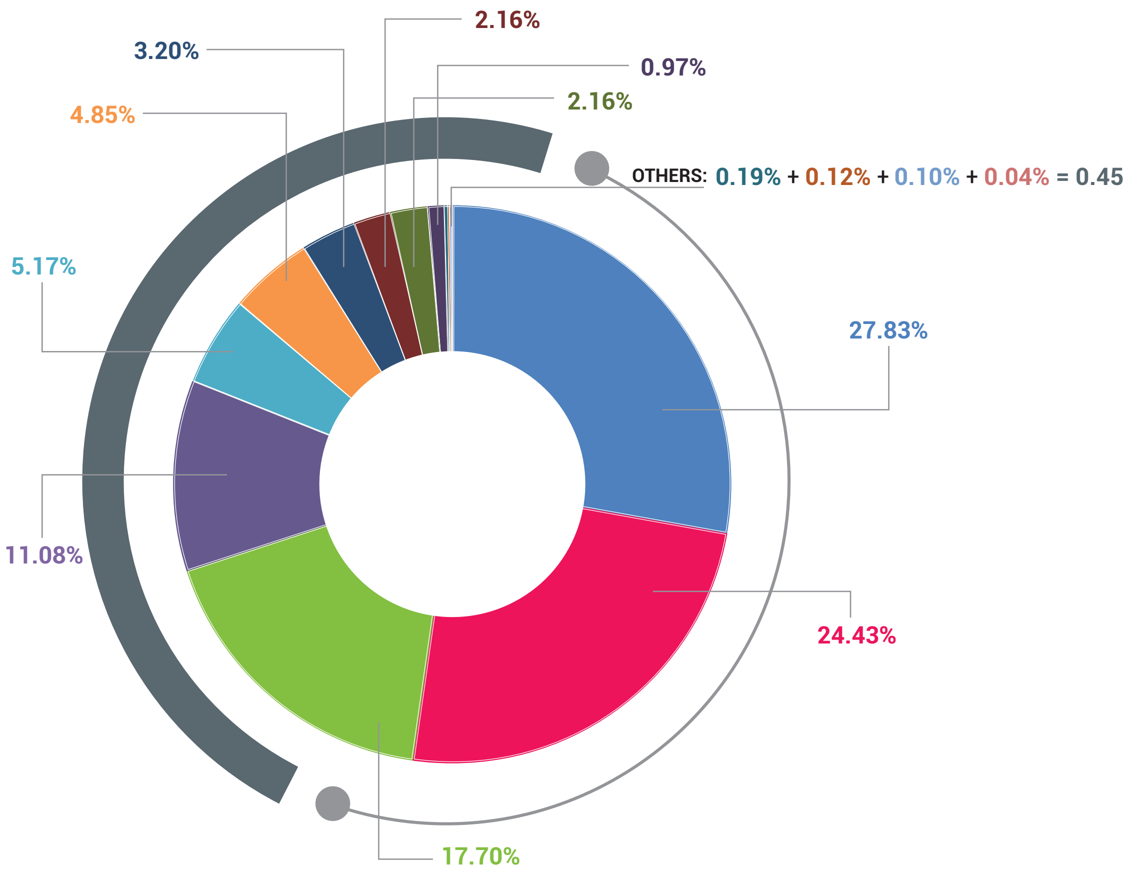
Android Malware Detection Statistics in 2018

(category-wise)



Source: Quick Heal Annual Threat Report 2019

Industrywise Detection Stats



- IT/ITES 27.83%
- Professional Services 24.43%
- Manufacturing 17.70%
- Education 11.08%
- Healthcare 5.17%
- Government 4.85%
- Logistic 3.20%
- Automobiles 2.16%
- BFSI 2.16%
- Media & Entertainment 0.97%

OTHERS:

- Telecom 0.10%
- Power & Energy 0.04%
- Strategic & Public Enterprises 0.19%
- Transport 0.12%

Source: Seqrite Threat Report H2 2018

Securing through value-added solutions

Quick Heal
Security Simplified

Retail

79.21%

Contribution to total revenue

Products

- Quick Heal Total Security
- Quick Heal Internet Security
- Quick Heal Anti-Virus Pro
- Quick Heal Total Security for Mac
- Quick Heal Anti-Virus for Server
- Quick Heal PC Tuner 3.0
- Quick Heal Multi Device
- Quick Heal Home Security

Features

- Core protection
- Privacy protection
- Safe banking features
- Web security
- Parental controls
- Stealth mode
- E-mail security
- Anti-key logger
- Track my laptop
- Data theft protection
- PC tuner
- Improved scan engine
- Virtual keyboard
- PC2 mobile scan
- Remote device management

Mobile

0.5%

Contribution to total revenue

Products

- Quick Heal Total Security for Android
- Quick Heal Antivirus for mobile
- Quick Heal Mobile Security for Android
- Quick Heal Tablet Security for Android
- Quick Heal Optimizer for iOS
- Quick Boost for iOS

Features

- SafePe
- Advanced anti-theft
- Web security
- Parental control
- Data protection
- Device scan
- Call blocking
- Privacy advisor
- Security advisor
- Speed boost
- App lock
- Network monitor
- Battery saver

SEQRITE — Enterprise Solutions

Enterprise Cybersecurity Solutions by Quick Heal

20.29%

Contribution to total revenue

Products

- Seqrite Endpoint Security
- Seqrite Endpoint Security Cloud
- Seqrite UTM
- Seqrite mSuite
- Seqrite mobiSMART
- Seqrite Encryption
- Seqrite Secure Web Gateway
- Data Loss Prevention

Features

- Security vulnerabilities
- Insider threats
- Ransomware attacks
- Infected external devices
- Malicious infected traffic
- Phishing attacks
- Data breaches
- Dos & DDos ATTACKS
- Advanced persistent threats
- Mobile malware and malicious mobile apps

Seqrite services

Pro-active services

- Technical audit
- Security management
- Compliance audit
- Security consulting
- Red team audit

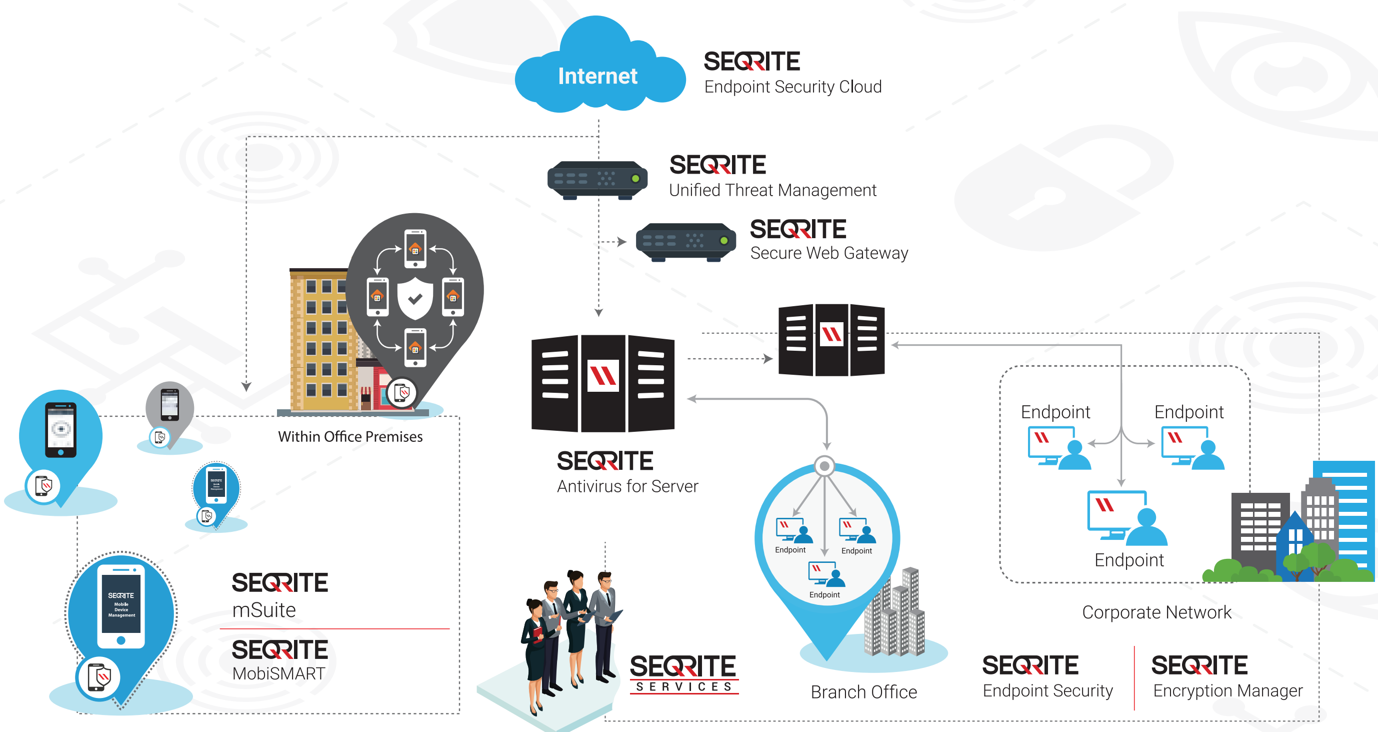
Active services

- Real-time monitoring
- Security operations centre (SOC) operations

Reactive services

- CERT as a service
- Digital forensics
- Incident response

Seqrite Products



For the last 25 years, We have taken each day as an opportunity to better ourselves.

At Quick Heal, we have always emphasised on being vigilant and stay ahead of time. In our business, it is important to identify potential threats and come up with solutions accordingly. Through the years, we have focused on creating a secured digital world through our innovative products and solutions.

As cyberthreats get more aggressive and intelligent every day, security breaches are getting more daring across the globe. Robust security solutions against this organised cybercrime are needed for a secure digital ecosystem. During the year, we expanded our portfolio by developing feature-rich security products and solutions to provide advance protection to our customers.

Enterprise Mobility Management (EMM)

The business landscape is eagerly embracing BYOD-led work culture to enhance productivity, ensure seamless interoperability and improve employee convenience. Smartphones are a big part of this shift, but the growing proliferation of mobile devices within the enterprise ecosystem is also giving rise to multiple device management and security challenges. Hence, we have launched Enterprise Mobility Management (EMM) portfolio. As part of the development, Seqrite has introduced two cloud-based solutions, MobiSMART and mSuite, which have been designed to provide comprehensive control over mobile devices accessing their network and data.

Seqrite mSuite

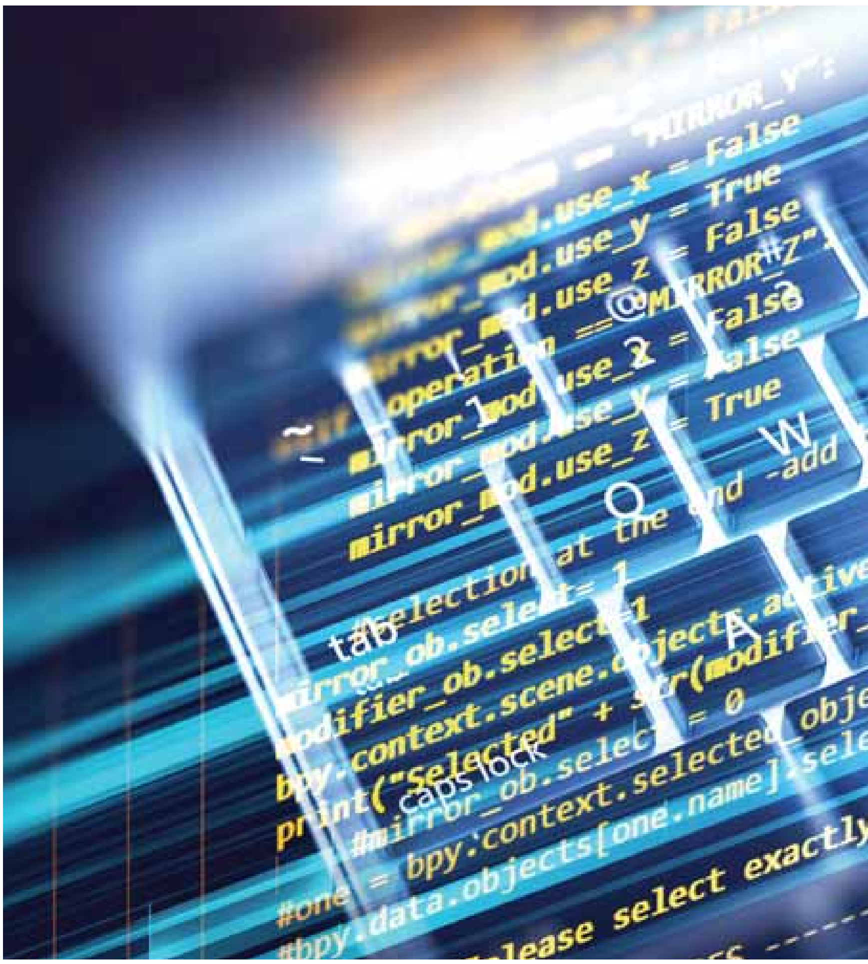
Seqrite mSuite is a mobile device and app management solution which empowers organisations to manage the usage of connected mobile devices by defining device policies and restrictions.

- Device management through easy enrolment and location tracking
- Superior app management and control
- Anti-theft features with browsing, phishing and web protection
- Built-in Quick Heal antivirus to protect against malicious virus attacks
- Launcher and kiosk mode
- Remote device assistance and file transfer
- Comprehensive and interactive reporting

Seqrite MobiSMART

Seqrite MobiSMART provides separation of corporate and personal data to manage enterprise applications and data on mobile devices.

- Container-based technology that separates personal data from enterprise data
- Android and iOS support
- Easy enrolment by end-user



- Deployment: Cloud as well as On-premise
- Data Loss Protection (DLP)-based policies
- Enhanced productivity

Secure Web Gateway (SWG)

With Internet-borne threats like zero-days attacks, botnets and security breaches rising at a rapid pace, it has become crucial for businesses to monitor and control the web-traffic on their network. We have launched Secure Web Gateway (SWG) to provide comprehensive protection against such threats.

- Top-of-the-line features such as URL filtering, anti-virus, protection against phishing and malicious websites
- Web protection with minimal performance impact
- Pre-defined templates for setting up various corporate policies
- Multiple instances of Seqrite SWG co-exist on the same server

Quick Heal Home Security (QHHS)

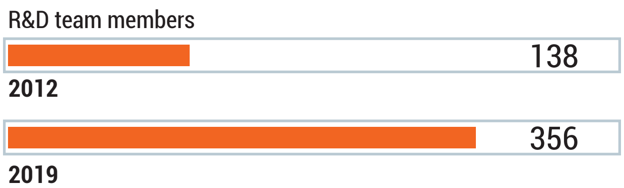
QHHS is a secure Wi-Fi router offering safe internet surfing to Home and SOHO (small office/home office users). It secures every internet-connected device such as smart TV, Wi-Fi connected ACs and game consoles, among others, from cyberthreats.

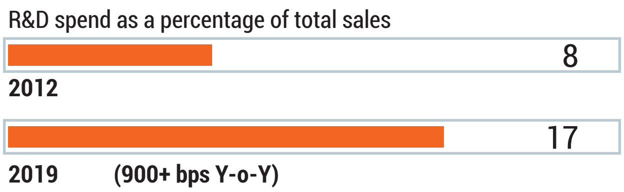
- Monitors kids' online activities and manages screen time
- Separate network for home and guest users
- Controls suspicious internet activities on any device
- Blocks unsuitable websites for users connected to the home network
- Schedules internet access time
- Provides detailed web activity report of users

For the last 25 years,
We have taken each day as an opportunity to explore the unknown and innovate.

Innovation is the impetus that helps us deliver the right cybersecurity and data protection products and solutions to our customers across multiple business segments. Our team's in-depth knowledge and understanding of the threat landscape and security expertise further assists in taking us closer to our goal. We intend to be one of the most valued security partner for customers and secure their data wherever it lives.

R&D remains a key determinant of our future growth. We continue focusing on our key strengths – researching, developing and offering solutions to our customers. For over 2 decades, we have been recognising future threats early on, by constantly staying vigilant and using our cutting-edge research and development abilities to find flexible solutions for all customers. Our products are in line with our commitment to provide comprehensive security to customers, business and Government. We focus more on developing specialty products and technically complex offerings to standout from competition.





Our R&D Team Structure:

Product management team
Ensures that we build the Right Products for the Right Markets at the Right Time

Product development team
Designing and building cutting edge products and solutions

Quality assurance team
Relentlessly maintaining and creating industry benchmarks for quality

Internet of Things (IoT) security team
Creating solutions to ensure all your connected devices are secure

Incidence response team
Ensures customers are unaffected by critical attacks/outages by responding promptly

Security labs
Detect and analyze threat vectors across the globe and provide advanced protection to customers

For the last 25 years,
We have taken each day as an opportunity to partner with the best

At Quick Heal, our customers are the focal point of growing business. Over the years, building efficient network through sales and distribution has been the cornerstone of our customer growth story.

At Quick Heal Technologies, we proudly work with a network of more than 25,000 partners that helps us grow our business, and further penetrate in the market. Our partners extend our reach in the marketplace and help accelerate our growth. Our partner community plays an important role in our success, delivering expertise through educating customers with technical information. We also, work with our channel partners to identify new sales prospects, sell solutions and provide after-sales support.

The focus on strengthening distribution network is moving in the right direction and our sales and marketing team has been driving the customer demand through various marketing campaigns.

25,000+

Retail partners

450+

Enterprise partners

100+

Government partners


Quick Heal
LAUNCHING
THE NEXT
GENERATION
SUITE
Quick Heal
Internet Security
Quick Heal
Total Security
Quick Heal Total Security
Quick Heal
AntiVirus Pro
Quick Heal AntiVirus Pro

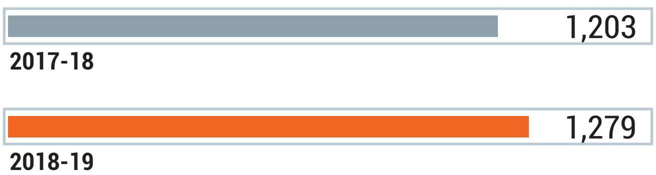
Financial Performance

Revenue

(₹in Million)

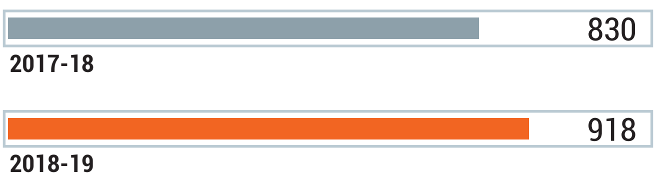
EBITDA

(₹in Million)



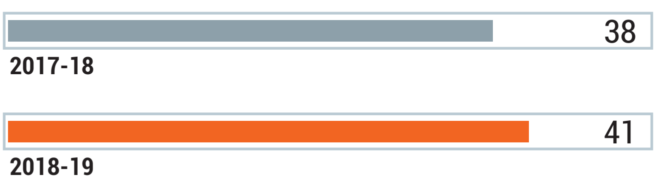
PAT

(₹in Million)



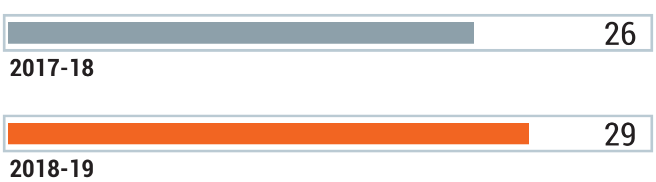
EBITDA Margin

(%)



PAT Margin

(%)



Awards and Certifications

ISO Certificates

ISO 9001: 2015 ISO 27001: 2013 ISO 20000-1:2011

- *Seqrite received **Best Enterprise IT Security Brand** award at 11th NCN innovative product award 2018*
- *Quick Heal Total Security (Windows) achieved one of the **best protection rates** in AV-Comparatives test*
- *Seqrite Endpoint Security certified as **Approved Corporate Endpoint Protection for Windows** by 'AV-Test'*
- *Seqrite received **best cybersecurity brand** award at National Summit on Digital Innovation & Cybersecurity Summit*
- *Seqrite Endpoint Security recognised with **Best Performance 2018** award by AV-Test Institute*
- *Quick Heal Technologies Limited's **Annual Report FY2018 bags Gold** at the LACP's 2018 Spotlight Awards*

Securing Futures

Quick Heal CSR

For over 25 years, Quick Heal has strived towards delivering on a promise of safety by simplifying security for millions around the globe. Quick Heal's initiatives in Corporate Social Responsibility (CSR) have channelised our resources and experience to impact millions of lives for the better.

During 2018-19, we seized the opportunity to review our outlook towards corporate social responsibility, seeking to improve and expand our efforts. We weighed our current approach against the outcomes we achieved so far, across verticals. This year of introspection paved the way for a brand-new ethos in our commitment to driving change – one which expands our scope for creating meaningful impact.

A Year of Reflection

Twenty-five years of simplifying security has afforded us many successes and lessons to learn from. This past year, we studied these important trends within our business and aligned them to the United Nations Sustainable Development Goals (SDGs). We employed the SDGs as our guide to the most pressing challenges faced by communities today. The main outcome of this introspection was a renewed approach to how this company operates. From 2019, Quick Heal seeks to work towards 'Securing Futures'.

By design, this new outlook transcends the entire organisation. Quick Heal's business and CSR efforts no longer operate parallelly. 'Securing Futures' entails an integrated approach to business and CSR – where we strive to invest into our social capital. Thus, CSR now plays an active role in Quick Heal's business strategy. Through this focus on people, networks and shared ideals, Quick Heal has recommitted itself towards driving progress at the individual level, to communities and society as a whole.

Securing Futures through CSR

Our introspection over the last year enabled us to map more effective strategies when it came to our initiatives in corporate social responsibility as well. We used the SDGs as our guide and streamlined our initiatives into three main focus areas: eradicating extreme hunger and poverty, promotion of education and promotion of cybersecurity. Each of our initiatives falls under one of these focus areas and help towards achieving specific SDGs. They each employ innovative solutions to identify leaders at the grassroots, who go onto spearhead change within their communities. This bolsters society as a whole to progress.

Implemented by the Quick Heal Foundation, the initiatives make active use of Quick Heal's experience in the field of security solutions and vast resources. The company works to continuously innovate and provide means of achieving improved results.

2,500+

Lives impacted since 2016

Eradicating Extreme Hunger and Poverty

11,627

Lives directly impacted in 2018-19

Promotion of Education

4,47,296

Lives directly impacted in 2018-19

Promotion of Cybersecurity

Eradicating Extreme Hunger and Poverty

A fundamental impediment to development is extreme poverty. Quick Heal's tribal development programme – Project Disha – works with Paud's Katkari Tribe. The initiative provides the community with basic infrastructure, substantiated by mid day meals, encourages health and nutrition awareness, helps empower women and aids livelihood development. A special focus is made towards ensuring children receive education. The vision behind the programme is to help disenfranchised communities by promoting progress and development from within.

Promotion of Education

Adolescence is a particularly challenging period for children, with many without access to reliable information regarding the physical and social changes they experience. Quick Heal's initiatives towards the promotion of education help children at this crucial time in their lives. Quality education entails holistic development. Through the Life Skills Education initiative, awareness is generated regarding the various physiological, psychological and social changes during adolescence. Students especially at-risk are counselled as part of the Shaalangan Counselling Centre, which provides a platform for them to discuss various subjects including behavioural problems, sexual abuse, substance abuse, family problems, challenges to their studies and more. Through partnerships with the Pankh Foundation, we have reached students in schools across Pune region. The larger goal for this focus area is to contribute to the development of healthy, responsible and aware future citizens. By empowering youth today, we promote healthier and safer communities tomorrow.

Year	Project	Direct	Indirect	Schools
2018-19	LSE	4,087	12,473	16
2018-19	Shaalangan Counselling Centre	7,540	37,620	10

Promotion of Cybersecurity

Our active involvement in ensuring cybersecurity directly contributes to this focus area. Quick Heal recognises its responsibility towards upcoming professionals in the sphere, as well as the promotion of safe cyber practices. 'Securing Futures' through Secured Programming initiatives promote the imbibing of secure programming skills by training volunteers, teachers and directly providing key resources to students. The Cybersecurity Awareness initiatives promote safe cyber practices among netizens through unique and engaging means. The Cy-Fi Karandak initiative for example, started off as a one-act-play competition with cybersecurity as the theme. In the future, it will take the form of a film festival, actively engaging the target audience and turning them into messengers for safe cyber practices.

Year	Project	Direct	Indirect	Schools
2018-19	Cybersecurity Awareness Program	4,47,296	9,00,696	1,009

Employee Engagement

An integral part of our initiatives are Quick Heal employees who actively contribute to our efforts in CSR. From enthusiastic responses to donation and tree plantation drives, to contributing to the creation of modules and study material for future IT security professionals, they are a key link to integrating CSR into Quick Heal's business strategy. In the coming years, we envision increased employee engagement in these efforts.

Towards Tomorrow

This year has laid most of the ground work for our way ahead. The coming year promises more advancements, with our motivations bolstered by these developments and successes. Quick Heal sees 2019-2020 as the year of The Now, dedicated to the seamless manifestation of our new philosophy across all verticals and processes. The integration of the new philosophy and its importance is to be cemented at every level in the organisation, with the aim of seeing it reflect in all our operations at the earliest.

We have always emphasised on clarity and transparency within Quick Heal. This spirit will also manifest through regular communication regarding our endeavours in 'Securing Futures' through a quarterly newsletter named after this guiding spirit.

There will be challenges. However, superseding them is the impact we aim to have across individuals, communities and society. Equipped with our new outlook, dedicated team and a spirit that is yet to wane, we look forward to continue propelling change for the better with new vigour and secure many more futures in the years to come.

Preparing skilled cyber professionals with Quick Heal Academy

With cyber attacks getting progressively destructive, it is important to educate and prepare a team of professionals, thoroughly adept with the constantly evolving and ever-changing cybersecurity domain.

Quick Heal Academy (QHA), a division of Quick Heal Technologies Limited, is an empowering institute that prepares skilled manpower for supporting and securing the cyberspace.

It is one of the leading institutes that conducts cybersecurity education programmes. Through QHA, we are strengthening the upcoming generations by backing them with strong cyber skill sets. Hence, taking a step towards impeding the precarious cyberthreats.

There are a host of courses offered for the students to choose from. These courses are carefully planned and designed keeping the evolving nature of cyberattacks and cybersecurity in mind. We offer various long-term and short-term courses cybersecurity:

Popular courses offered at the academy includes

- Cybersecurity and Forensics
- Cyberthreat Intelligence
- Malware Analysis & Reverse Engineering
- Cyber Law
- Electronic Crime Scene Investigation

Academy partners

QHA works closely and partners with universities and educational institutes to design programmes for students. These include:

Savitribai Phule Pune University

Designed an 'M-Tech in Information Technology Program' for Savitribai Phule Pune University

Quantum Global Campus

MoU with Quantum Global Campus for a joint B.Tech programme

Chitkara University

MoU with Chitkara University, introduced an additional stream in cybersecurity for the 4-year undergraduate program

Maharashtra Cosmopolitan Education Society

The society runs 30 institutes from its ultra-modern campaigns located in Maharashtra

Gujarat Forensic Sciences University

MoU with Gujarat Forensic Sciences University during Vibrant Gujarat 2017

Corporate Information

Board of Directors

Mr. Kailash Sahebrao Katkar
Managing Director & CEO

Mr. Sanjay Sahebrao Katkar
Joint Managing Director & CTO

Mr. Shailesh Lakhani
Non-Executive Director

Mr. Pradeep Vasudeo Bhide
Non-Executive, Independent Director
(Resigned w.e.f. April 01, 2019)

Mr. Manu Parpia
Non-Executive, Independent Director
(Resigned w.e.f. May 11, 2019)

Mr. Mehul Mulchand Savla
Non-Executive, Independent Director

Ms. Apurva Pradeep Joshi
Non-Executive, Independent Director

Ms. Priti Jay Rao
Non-Executive, Independent Director

Registered Office

Marvel Edge, Office No. 7010 C & D,
7th Floor, Viman Nagar, Pune – 411 014
Ph.: +91-020-66813232
Email: cs@quickheal.co.in

Corporate Identification Number

L72200MH1995PLC091408

Chief Financial Officer

Mr. Nitin Kulkarni

Company Secretary

Mr. Srinivasa Rao Anasingaraju

Compliance Officer

Mr. Vinav Agarwal

Statutory Auditors

M/s SRBC & Co, LLP, Chartered Accountants, C-401, 4th Floor,
Panchshil Tech Park, Yerwada, Pune – 411 006,
India Ph.: +91-020-66036000

Bankers

HDFC Bank Limited
Axis Bank Limited
Bank of India
ICICI Bank Limited
State Bank of India Limited
Yes Bank Limited
Kotak Mahindra Bank Limited
Citibank N.A.

Registrar and Transfer Agents

Link Intime India Private Limited
C-101, 247 Park, L.B.S. Marg, Vikhroli (West),
Mumbai - 400083
Ph.: 022-49186200
E-mail: rnt.helpdesk@linkintime.co.in

COMMITTEE COMPOSITION (AS ON MARCH 31, 2019)

Audit Committee

Mr. Pradeep Vasudeo Bhide - Chairperson
Mr. Kailash Sahebrao Katkar - Member
Ms. Apurva Pradeep Joshi - Member
Ms. Priti Jay Rao - Member

Stakeholders Relationship Committee

Mr. Mehul Mulchand Savla - Chairperson
Mr. Kailash Sahebrao Katkar - Member
Ms. Apurva Pradeep Joshi - Member

Nomination and Remuneration Committee

Mr. Manu Parpia -Chairperson
Mr. Pradeep Vasudeo Bhide -Member
Mr. Kailash Katkar - Member

Corporate Social Responsibility Committee

Ms. Priti Jay Rao - Chairperson
Mr. Kailash Sahebrao Katkar - Member
Mr. Sanjay Sahebrao Katkar - Member

Grievance Redressal

cs@quickheal.co.in

Board of Directors

Mr. Kailash Sahebrao Katkar

Managing Director & CEO

Drives the strategic direction for the Company while nurturing a strong leadership team to drive its execution

Mr. Sanjay Sahebrao Katkar

Joint Managing Director & CTO

Spearheads the creation and subsequent development of the core product technology

Mr. Shailesh Lakhani

Non-Executive Director

Serves as the MD at Sequoia Capital India. Previously worked at Redknee's India subsidiary as the Managing Director

Mr. Pradeep Vasudeo Bhide#

Independent Director

Ex-IAS officer and served in senior positions at the State Government and Central Government

Mr. Manu Parpia*

Independent Director

Founded Geometric Limited and has 35+ years' experience in the PLM and Engineering arena

#(Resigned w.e.f. 01 April, 2019) *(Resigned w.e.f. 11 May, 2019)

Mr. Mehul Mulchand Savla

Independent Director

Serves as Director for Ripple Wave Equity Advisors LLP. Previously worked at JP Morgan, ICICI Securities and SEBI

Ms. Apurva Pradeep Joshi

Independent Director

Certified bank forensic accounting professional and anti-money laundering expert

Ms. Priti Jay Rao

Independent Director

25 years of diverse experience in building and delivering a range of IT services for customers located across 5 continents

Management Discussion & Analysis

Economic review

The Indian economy witnessed a modest growth of 6.8% in 2018-19 from 6.7% in the previous fiscal. The momentum was supported by various Government economic reforms like the improvement in Ease of Doing business, liberal foreign direct investment regulations and restrictions, an entailed impetus to the infrastructure development and a stable and decisive policy environment. However, growth momentum faced some glitches during the year due to factors like stress in the non-banking financial companies (NBFCs) affecting consumption finance, tighter financial conditions, weak global and domestic demand and private consumption slowing materially *(Source: The Economic Times)*.

India is at the cusp of a digital revolution. The nation is on its way to becoming a USD 1 trillion digital economy by 2022, which could possibly make it the 16th largest in the world as per Digital India Summit 2019.

The Government's tremendous push to the 'Digital India' programme encompasses various services to the people by improving online infrastructure and internet connectivity. Moreover, structural reforms like demonetisation and stabilisation of Goods and Services Tax (GST) and bank recapitalisation programmes, aid a further push to the digitalisation of Indian economy.

During the year, India retained its ranking as the fastest growing economy, ahead of China. This ranking withstood several ups and downs like spike in oil prices, rupee depreciation and global trade fracas. The improvement reflects the Indian economy's stable trajectory, indicating the positive impact of the reforms implemented by policymakers, together making India an attractive destination for investment. Besides, the economy also jumped 8 places, ranking at 36th position in Intellectual Property Index brought by US Chamber of Commerce 's Global Innovation Policy Centre (GIPC) for the 2nd year in a row, representing the largest gain by any country on the index *(Source: Economic Times)*.

Outlook

According to the IMF World Economic Outlook estimates of January 2019, India's economic growth outlook is projected at 7.5% in 2019, led by a robust investment, steady domestic consumption and ease in inflation pressures. Looking ahead, renewed impetus to labour reform and real estate, along with further improvements to the business climate, are also crucial for growth.

USD10 Trillion

India's GDP Projection in 8 years

(Source: Interim Budget)

Industry overview

Global cybersecurity market

The cyber space is increasingly dominating global economies with each passing day. Our increasing dependence on digital services and devices has made internet an inseparable part of our lives, our businesses and other areas like entertainment and education, among others. The worldwide spending on information security products and services is expected to touch USD 124,116 Million in 2019.

USD in Million

Market Segment	2017	2018	2019
Application Security	2,434	2,742	3,003
Cloud Security	185	304	459
Data Security	2,563	3,063	3,524
Identity Access Management	8,823	9,768	10,578
Infrastructure Protection	12,583	14,106	15,337
Integrated Risk Management	3,949	4,347	4,712
Network Security Equipment	10,911	12,427	13,321
Other Information Security Software	1,832	2,079	2,285
Security Services	52,315	58,920	64,237
Consumer Security Software	5,948	6,395	6,661
Total	**101,544**	**114,152**	**124,116**

(Source: Gartner)

Digitalisation offers several strategic benefits that include:

- Accelerating a corporate strategy implementation or increasing the depth of returns on the implementation

- Enabling transparent governance by helping the members of the executive and the board with strategic execution, the measurement of its level of attainment and the degree of compliance with policy – saving time for more crucial and important decisions
- Easy formation of centres of expertise without geographic barriers
- Offering better traceability to know who has access to what information
- Reduced information cost and significantly improved turnaround time

Digitalisation has become a catalyst for the development of global threat landscape of exploits, vulnerabilities and malware. The growing scale, speed and sophistication of cyber-attacks highlights the critical need to keep up with the developments within the global cybersecurity domain. Businesses, customers and Government are continuously enhancing their digital security frontiers. Growing investment and spending are being witnessed towards cybersecurity, underlining its importance and need during these times of digitalisation.

Businesses with lack of resources and technical expertise often fall prey to malware infections and cyber attacks like ransomware and Cryptojacking, to name a few. These are becoming increasingly popular among hackers, leaving many businesses vulnerable to security breaches. More and more people are starting to understand that cybercriminals are no longer just targeting large companies; they're looking to disrupt any business from any sector with a scope of vulnerability that they can target in return for a ransom. The impact of cybercrime has been, and will be in the future, felt by all that are connected to the Internet.

USD124 **Billion+**

Worldwide Information Security Spending in 2019

(Source: Gartner Report)

USD1.9 **Billion**

Enterprise Spending on Information Security Products and Services in India

(Source: Gartner Report)

Indian cybersecurity market

India ranked 23rd in the global cybersecurity index. With a score of 0.683, the country has been listed in the 'maturing' category for its continued commitment towards cybersecurity programmes and initiatives. India's initiative towards digital economy, supported by Government's key initiatives and inclination towards heavy digitalisation of data is rapidly changing the country's digital landscape. While the country is undergoing a digital transformation, this transition is driving a substantial growth in the area of cybersecurity. As India continues to aggressively seek the Digital India vision, it poses higher safety concerns as well. Post demonetisation, the online payment platforms' usage has remarkably gone up.

The Indian cybersecurity product landscape is also evolving with companies offering both the products and services. The overall cybersecurity product landscape was valued at USD 450-500 Million in FY2018. (Source: Data Security Council of India)

With the digital push, the cyber defence in India is gradually moving towards a new era, taking it from personal to the corporate level.

The ever-evolving threat landscape, regulatory attention to security breaches, increasing board-level attention to cybersecurity, overall digital transformation, and Government initiatives will drive the growth of the ecosystem.

Additionally, the digitalisation in the Government sector entities and processes, healthcare, BFSI, education and other vital sectors of the country will further boost the market. The imprint of digitalisation is seen across various mediums starting with the use of blockchain technology to artificial intelligence, from encouraging people towards digital payments to internet of things, from school board to digital board. Further, emerging networking trends such as software-defined networking and network function virtualisation are also resulting in growing complexities bearing on information security, network infrastructure and security regulation & compliance. Together, these are boosting demand for cybersecurity solutions and services across the country.

GST

Small businesses and start-up communities have gradually migrated towards digital book-keeping which has helped optimise existing processes. However, this tax regime has exposed several companies to the risk of cyberthreats. Hence, adoption of cybersecurity measures is pertinent as a de-risking measure.

SMACT

SMACT technologies are the basis or foundation to digital transformation. SMACT stands for Social Media, Mobile, Analytics, Cloud and Internet of Things. These technologies essentially make a business, organisation or any service smarter. With the IT landscape constantly evolving, technology is also changing businesses for good. Gradually, SMACT technologies are becoming imperative for all businesses, playing a crucial role in how the Indian cybersecurity market is shaping up.

Social Media

The modern customer is aggressively social. With over 2.32 Billion Facebook accounts, 321 Million Twitter accounts and 1 Billion Instagram accounts (Source: Statista), social media is more powerful than ever. This opens plethora of opportunities to explore untapped markets while expanding businesses. This strategy helps organisations strengthen their network, build a strong brand and enhance business prospects digitally.

Mobile

Mobile technology is one of the building blocks of digital transformation, leading to an enormous growth of smartphone users in India. The increasing data consumption has established

smartphones as the communications hub for social media, video consumption and business applications. More and more enterprises are leveraging users' screen time as a perfect one-on-one marketing opportunity. Companies are yielding on this window by strategising, developing, launching and monetising mobile applications to reach out Millions of mobile users. Further, with Cloud and mobile computing opportunities, companies are exposed to several cyberthreats and malware every day.

Bring Your Own Device (BYOD) is a rapidly growing trend in businesses. The use of personal smart devices has expanded the BYOD era where individuals use their personal smart phones and tablets in work environment. Even though BYOD has many pros it also presents a unique list of security concerns for businesses implementing BYOD policies.

Advanced Analytics

The growing volume of data application and usage brings opportunities for advanced analytics. It facilitates businesses by offering the right products to the right customers at the right time. Real-time analytics play a pivotal role by providing a competitive edge to businesses, an important prerogative in the digital arena. Enterprises use advanced analytics, Artificial Intelligence (AI) and deep learning to observe and understand customer behaviours, hidden patterns, discover new market trends which together help them make smart business decisions.

Cloud

Digital transformation without Cloud computing is like expecting fruition without a plant. Cloud-based services are extremely important as they help organisations store, save, process and manage massive data sets effectively. Globally, businesses rely on cloud-based platforms to accelerate digital transformation. Thus, making Cloud a critical component in the digital evolvement of India.

The Cloud requires considerable safety measures. The public cloud market in India is expected to reach a value of USD 6.3 Billion by 2022 (Source: IDC). This reflects a growing pool of vulnerable information that can be misused. Other areas of focus include measures against possible internal threats, enhanced security testing and the implementation of blockchain.

Internet of Things (IoT)

IoT, the buzzing word in the realm of technology industry, is touching several aspects of our daily lives. Prominent technologies like Alexa have been gaining popularity in India - making security in the Internet of Things (IoT) domain - an area of special attention. Further, with the Smart Cities becoming a major part of current Government policy, it entails a large amount of automation and IoT implementation. Moving ahead, with the development of sensors and smart devices, technology is connecting things and internet in an inspiring way. It entrusts prodigious opportunities to revamp the way we live and do business. IoT is a catalyst to digital transformation as businesses innovate new ways for engaging customers through IoT-powered devices.

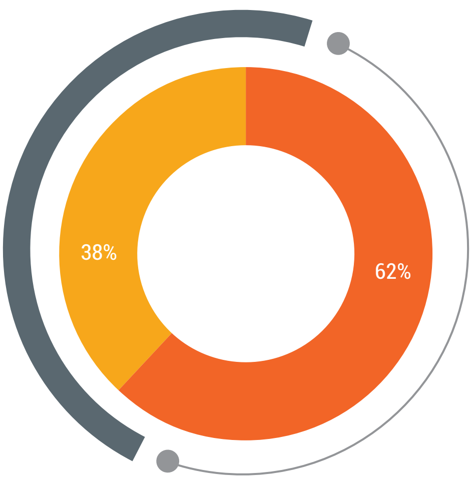
As businesses begin to rely more on the global digitalisation growth, the systems are bound to get more complex and interconnected to be able to handle more information. A huge exposure to broader number of cyber attacks will then become consequential.

The Industrial Internet of Things (IIoT) is the application area of the IoT in machines and devices used in manufacturing, healthcare, oil and gas production, autonomous vehicles and other areas. IoT offers the opportunity to achieve greater efficiencies with respect to production and operation by directly changing the way machines behave, think, learn and help operators to make more informed decisions.

USD 10.4 Million

Average economic cost of cyber attacks in India

(Source: Business Line)



Average economic loss from cyber attacks

USD 10.3 Million

Large-cap Indian organisations

USD 11,000

Mid-sized organisations

(Source: Study conducted by Frost & Sullivan)

Regulatory framework to ensure data and privacy protection

The Government envisages to provide a secure cyber ecosystem to citizens. It envisions creating enough trust and confidence in the IT organisations and communication in the cyber ecosystem. Besides, it also visualises implementing strong legal frameworks by maintaining a 24x7 mechanism for detecting cyberthreats while also improving the visibility of ICT products and their services by constant testing and validation of products.

The Government has ambitious plans to increase cyber connectivity. There has been a drastic growth in e-commerce and activities related to e-governance. As we move towards getting more dependent on the internet for our daily activities, we also become more susceptible to any disruptions caused in and through cyber space. This requires setting up of an ecosystem that can understand new complexities and offer swift response mechanisms.

The steps taken to fight the menace of rising cybercrimes include investments that assure the privacy rights of the citizens and policies enactments. There are multiple initiatives embarked upon and key policies put in place by the Government and regulators. Here are some of such prominent initiatives:

1. The Information Act, 2000
    a. A primary law for dealing with the country's cybercrime and digital commerce
    b. Revised in 2008 and came into force a year later
    c. The Information Technology (Amendment) Bill, 2008 amended several sections that were related to digital data, electronic devices and cybercrimes
2. National Cybersecurity Policy 2013
    a. A framework by Department of Electronics and Information Technology (DeitY)
    b. Aims at protecting public and private infrastructure from cyber attacks through a combination of institutional structures, people, processes, technology and co-operation
    c. Intends safeguarding critical information such as personal information, financial & banking information and sovereign data
3. The National Technical Research Organisation
    a. The main agency designed to defend national critical information infrastructure
    b. Also handles all the country's cybersecurity incidents in critical sectors

4. National Cybersecurity Coordination Centre (NCCC)
    a. Formed in 2017, NCCC creates awareness about the country's cybercrimes
5. Cyber Swachhta Kendra
    a. Formed in 2017, this platform was introduced for internet users to clean their computers and devices by wiping out viruses and malware
6. Indian Computer Emergency Response Team (CERT-In)
    a. Designated as the national agency for incident response including analysis, forecast and alerts on cybersecurity
7. Srikrishna Committee on Data Protection Bill
    a. The Bill seeks to govern the 'processing' – which includes collecting, recording, adapting, indexing, or even disclosing – of personal data
    b. Personal data, in this case, refers to any information specific to a person which makes them 'identifiable'
    c. The Bill also carves out a category called 'sensitive personal data', which includes passwords, financial data, health data, official identifiers, sex life, sexual orientation, biometric data, genetic data, transgender status, intersex statues, caste or tribe and religious or political beliefs and affiliations
    d. Essentially, the Bill says those seeking to use personal data in any manner, must do so in a way that protects the individual's privacy. It then explains exactly how this is to be done and who is permitted to do it
    e. If there is any violation of the data protection law, the penalty imposed will be either ₹ 15 Crores or 4% of the total worldwide turnover of any data collection/ processing entity. Further, failure to take prompt action on a data security breach can attract up to ₹ 5 Crores or 2% of turnover as a penalty
8. General Data Protection Regulation (GDPR)
    a. The European union implemented GDPR as a primary regulatory law stating how companies protect EU citizens' personal data
    b. Under the GDPR law, the Companies are required to diligently comply with the new requirements. Any failure in compliance is strictly subjected to stiff penalties and fines
    c. Law violation penalties are as much as €20 (about USD 23 Million) or 4% of the organisation's annual global revenue, whichever is higher. For some types of infractions, the maximum penalty is less, up to €10 Million, or 2% of the previous year's global revenue

9. DISHA (Digital Information Security in Healthcare Act)

   a. Ministry of Health and Family Welfare (MoHFW) has decided to roll out the draft legislation called Digital Information Security in Healthcare Act (DISHA)

   b. MoHFW proposes to constitute a nodal body called National Digital Health Authority to promote and adopt electronic health (e-health) standards, enforce privacy and security safeguards for e-health data and regulate the storage and exchange of e-health records

   c. Enhanced protection of digital health data DISHA aims to protect the storage, use and transfer of digital health data

   d. It also provides e-health data privacy, confidentiality, security and standardisation

   e. The legislation ensures protection of digital health data of a data owner at every step, including at the time of generation, collection, storage and transmission of such e-health data

Cyberthreats

With the society's growing dependence on technology, increased incidences of cybercrime are only natural. The Cyber-attacks and data fraud or theft were listed in the top five of the World Economic Forum's 14th edition of Global Risks Report 2019. This piece of information indicates the intensification of cyber risks with respect to it prevalence and disruptive potential.

As one of the leading sources of threat intelligence, research and cybersecurity, Quick Heal Security Labs analysis threat data fetched from millions of active users across the globe. This helps us secure our users with timely and improved protection. Even in the year 2018, cybersecurity threats were seen increasing. The attacks and cyber breaches were quite daring with more companies waking up to the disastrous damage – reflecting lack of a robust cybersecurity framework.

In 2018, Quick Heal Security Labs observed several new destructive cyberthreats that immediately grabbed our attention:

1) GandCrab

GandCrab ransomware:

- First appeared in January and was rapidly updated in a short span.
- One of the leading ransomware threats
- Goal - to encrypt all or as many files on an infected system and insist on payment to unlock them
- Developer requires payment in cryptocurrency, primarily DASH because of its complexity to track, or else Bitcoin
- Very active developer with at least five released versions till date
- No major changes between any two versions of the malware
- Frequent changes indicate the time invested by attackers in maintaining and developing it

2) Dharma

- Primarily an old ransomware
- April 2018, sudden spike of Dharma ransomware observed
- New variant was observed encrypting files and appending the '.arrow' extension to it
- Type of malicious software from crypto virology that threatens to publish the victim's data or perpetually block access unless ransom is paid

3) RYUK

- Systematically distributed via massive spam campaigns and exploit kits.
- Used exclusively for tailored attacks
- Encryption scheme is intentionally built for small-scale operations
- Infects only crucial assets and resources in each targeted network
- Attackers carry infection and distribution manually

4) KATYUSHA

- Sophisticated and Interesting ransomware, encrypts files and adds extension '.katyusha'
- Demands an amount of 0.5 btc
- Threatens to release the data to public download if ransom not paid within three days

- Malware bundled with many components including using 'Double pulsar' and 'Eternal blue' exploit which is used to get spread over the network
- Uses a unique attack technique 'squiblydoo' to spread over the network
- Ransomware may enter the system via spear phishing, malvertising, spam mail and SMB exploit, among others

5) **Fallout & Underminer**

Fallout:

- Exploit kit (EK) identified at the end of August 2018
- First seen as a part of a malvertising campaign affecting users in Japan, Korea, the Middle East, Southern Europe and others in the Asia Pacific
- Observed exploiting vulnerabilities and distributing the GandCrab ransomware to users in the Middle East

Underminer:

- Exploit kit spreading bootkits and cryptocurrency-mining malware in Asian countries
- Infects users with malware by using two Adobe Flash Vulnerabilities and Internet Explorer memory corruption vulnerability
- Once infected, creates encrypted TCP tunnels to deploy a bootkit used to maintain persistence on a system
- Coinminer dubbed 'Hidden Mellifera' by Trend Micro and 'Hidden Bee' by Malwarebytes is then downloaded on the infected system

6) **Cryptojacking**

- Unauthorised use of someone else's computer to mine cryptocurrency
- Done by either getting the victim to click on a malicious link in an email that loads crypto mining code on the computer, or by infecting a website or online ad with JavaScript code that auto-executes once loaded in the victim's browser
- Becoming more popular with hackers as it helps get more money for less risk
- Cryptojacking seen as a cheaper, more profitable alternative to ransomware by hackers

7) **Emotet**

- A banking trojan that kept trending in 2018
- A malware, attempts sneaking into computer and steal sensitive and private information
- A trojan that is primarily spread through spam emails
- Infects either via malicious script, macro-enabled document files or malicious link
- E-mails may contain familiar branding designed to look like a legitimate email

(Source: Quick Heal Annual Threat Report and Seqrite Threat Report H2 2018)

Windows Malware Detection in 2018

Total
973
Million

2,666,957
Per day

111,123
Per hour

1,852
Per minute

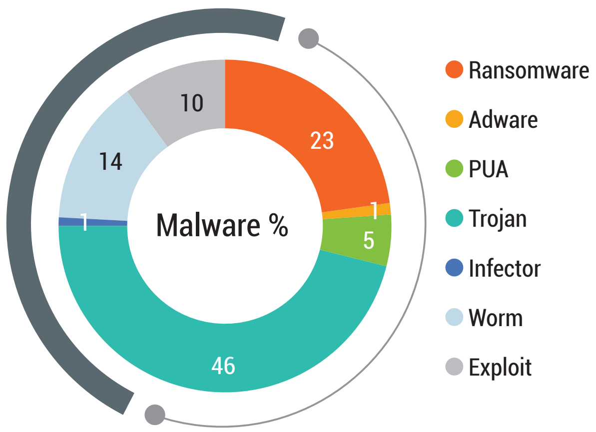
(Source: Quick Heal Annual Threat Report 2019)

Malware

Threat	Category	Level	Method	Behaviour
Trojan.Starter.YY4	Trojan	High	Email and malicious websites	It slows down the booting and shutting down process of the infected computer
LNK.Exploit.Gen	Trojan	High	Bundled software and freeware	Windows systems by using illegal browser extensions.
LNK.Cmd.Exploit.F	Trojan	High	Email attachments and malicious websites	The malicious .vbs file uses Stratum mining protocol for Monero mining.
W32.Sality.U	Infector	Medium	Removable or network drives	Injects its code into all running system processes. It then spreads further by infecting the executable files on local, removable, and remote shared drives.
Worm.Mofin.A3	Worm	Medium	Removable or network drives	Uses the Windows Autorun function to spread via removable drives. It also creates an autorun.inf file on infected drives.

(Source: Quick Heal Annual Threat Report 2019)

Windows Malware Detection in 2018 (%)



(Source: Quick Heal Annual Threat Report 2019)

Android Malware Detection in 2018

3,059 Per day
Malware

1,786 Per day
Adware

4,670 Per day
Potentially Unwanted Applications (PUA)

(Source: Quick Heal Annual Threat Report 2019)

Cyber adversities

Being the world's fastest growing economy, India's IT security scenario needs immediate attention else it may turn into a major party spoiler. A massive cybersecurity event can ruin and affect Billions of dollars in assets and damage a hard-earned reputation of the company. As a company focuses more towards going digital, it increasingly keeps becoming a topic of boardroom conversations across all the organisations.

Hackers around the world are getting bolder and more sophisticated. This is increasingly making every business susceptible to an attack. Prevention of high-profile information and data thefts and breaches is a concern of high magnitude today. Fighting cybercrimes and attacks in real time is the need of the hour right now, propelling the worldwide spending on cybersecurity. It is now imperative for an organisation to determine future threats, signalling them to redesign their security posture. Therefore, making cybersecurity, a strategic necessity for organisations. Some of the major cybersecurity breaches reported across the globe in 2018-19:

Facebook data breach

Facebook breach in September exposed the personal information of nearly 50 Million users. This was possibly the year's biggest data breach, considering the sheer scale, size and reputation of the brand involved.

British Airways

The airway company announced that 3,80,000 card payments on its website were compromised during a 15-day period between 21 August and 5 September.

Marriott

At the end of November, hotel group Marriott admitted having had suffered a massive data breach affecting the records of up to 500 Million customers. The firm revealed its Starwood division's guest reservation database that had been compromised by an unauthorised party.

Quora

In December, Quora suffered a massive breach of user data. The intrusion, discovered on November 30, included up to 100 Million users' names, email addresses, IP addresses, user IDs, encrypted passwords, user account settings, personalisation data, public actions and content such as questions, answers, comments, blog posts and upvotes.

Cyber attack on Cosmos Bank

In August 2018, Cosmos Bank's Pune branch saw nearly ₹ 94 Crores being siphoned off. The bank's server was hacked and the money was transferred to the bank situated in Hong Kong. The ATM servers of the bank were also affected and hacked with details of many debit card owners being compromised.

ATM system hacked in Kolkata

In July 2018, the ATM servers of Canara bank were hacked and ₹ 20 Lakhs from various bank accounts were stolen. They used skimming devices on ATMs to steal the information of debit card holders. The hackers made a minimum transaction of ₹ 10,000 and the maximum of ₹ 40,000 per account.

Remote access apps used to steal money from bank account

A new emerging fraud leads the customer to install a third-party app, providing access to the bank account. A Bengaluru-based former bank official lost ₹ 1 Lakh after fraudsters gained access to his phone by getting him to download an app that allowed malicious access. The victim was an e-wallet user and needed help in restoring the app on his new phone. He called one of the numbers that showed up after an online search for the mobile wallet's helpline. The party at the other end directed him to download the AnyDesk app and asked him to forward a hashed string text that he received. Soon after he did this, money was withdrawn from his account in a series of debits.

Ticketmaster

The theft of personal data of 40,000 Ticketmaster customers by hackers indicated involvement of a third-party supplier.

Internet usage in India

The Indian economy's swift journey to online domain began in the recent years. An annual growth of 18% with an estimated 566 Million internet users was registered till December 2018. This is further expected to touch 627 Million users by the end of 2019. This can be accredited to affordable data plans, increased availability of bandwidth and awareness fuelled by Government programmes. Thus enabling a deeper penetration into the tier II and III markets while bridging the digital gap between urban and rural India.

(Source: The Economic Times)

PC installed base in India

An IDC report indicated that a rise in commercial activity amidst a positive economic environment is expected to strengthen demand for PCs. With a backdrop of fast-growing gaming community, the retail platform shows good signs of stability, adding to the scenario's confidence.

The overall PC market experienced good momentum in first half of CY 2018 due to stable consumer spending and the execution of special projects. However, the market witnessed challenges in second half of CY 2018 in both consumer and commercial segment owing to the aggressive stocking of inventory, drop in demand and impact of processor shortages. (Source: IDC)

Moving on, the overall Indian traditional PC market shipments for the year 2018 stood at 9.3 Million units - a decline of 2.8% Year-on-Year (Y-o-Y). This can primarily be credited to the muted consumer demand and the absence of large special projects in 2018Q4 as shipments for the quarter stood at 1.99 Million units, down by 23.8% Y-o-Y. (Source: IDC)

The overall commercial PC market saw a total shipment of 1.25 Million units, registering a sequential growth of 7.5%. On the back of large education projects in states like Odisha, Rajasthan and Assam, it drove demand from public sector perspective while continued demand from the SMB (small and medium business) segment, along with refresh buying from the enterprises, also aided in the growth of the commercial segment. (Source: IDC)

Digitalisation of Micro, Small and Medium Enterprises (MSME)

Digitalisation is all set to make the growth environment for MSMEs vibrant and buoyant. More and more MSMEs are enthused about using digital solutions and are also willingly increasing their spending on digital services. This will reflect positively as online sales, payments, lending, logistics and advertisements are all set to grow. Greater digitisation of MSMEs has the potential to enhance the sector's GDP contribution (from the current 8% share), heighten employment opportunities for India's growing workforce and boost overall economic growth. According to RedSeer Consulting, as of 2018, 3 Million or just 6% of the MSMEs had adopted digital services. Also, offering digital services to MSMEs is a market that has a potential to grow exponentially in the coming years. This market will grow at a CAGR of 50% for the next five years to touch USD 10 Billion from USD 1.5 Billion last year. The low level of awareness, talent crunch and cost are some of the factors that lead to lower rate of digital services adoption. Since businesses are small and less complex, they do not feel need to buy or use these digital services.

Mobile internet user base in India

As the world's 2nd largest telecommunication market, the smartphone and internet usage in India is expected to enormously expand in the next 4 years. Increased smartphone usage will further fuel a massive uptick in the country's internet traffic. The smartphone data consumption is expected to swell up by 5X in India. This goes onto prove the dominance of smartphones as the communications hub for social media, video consumption, communications and business applications, as well as traditional voice calls. By 2022, there will be 829 Million smartphone users in India, accounting for 60% of the population.

Going forward, with focus on new technologies like 5G, it is expected to act as a catalyst in promoting better quality data services at even more affordable prices. These new technologies can also be expected to help address the digital divides and promote further internet penetration in the rural areas via mobile internet.

1,836.55
Billion

Mobile Wallet Transactions
(Source: RBI)

Increasing Threats through Mobile Internet

Quick Heal Security Labs predict a significant rise in the number of mobile-focused malware and banking trojans. The threats in mobile device security are rising in number while also evolving in scope. Other critical factors like connecting desktop and mobile through mobile network and BYOD management fail to offer the same level of built-in security or control. Often, IoT devices are used as entry point to networks at large, exposing in numerous people to malicious threats and hacking risks.

Today, the term mobile encompasses a wide range of machines. Mobile devices have surpassed the limitation of simply being Androids and iPhones. Wearable watches, tablets and even home devices fall under the mobile umbrella of IoT and can impact our lives for better, or for worse.

Trends in Android Security Threats

1. Social networking accounts used for malicious purpose

   Quick Heal Security Lab observed one malware that has all basic functionalities of the Android banker along with additional features like call forwarding, sound recording, keylogging and Ransomware activities. It has ability to launch user's browser with URL received from the C&C server.

   This malware author uses the Twitter account to get C&C server address. It takes the encrypted server address from the specified Twitter account that starts with <zero> and ends with </zero>. It repeatedly opens the accessibility setting page until the user switches ON the 'AccessibilityService'. This allows the Trojan to enable and abuse any required permission without user consent. The Trojan then displays an overlay phishing login form of confidential information, where it asks the user to enter a username, password, and other sensitive data.

2. Hiddad applications found on Google Play

   A number of applications on Play Store were spotted by Quick Heal Security Lab, which hide themselves after installation and display full screen ads after specific time intervals. This trend is used by most of the developers these days to earn revenue through displaying ads by hiding itself. This application does not have other functionality other than displaying ads. There were more than 30 such apps on Play Store and after Quick Heal reported it to Google, they got removed from Play Store. The main purpose of this app is to display unwanted apps at random intervals, while other applications run. These malicious applications use different names and icons like Play Store, YouTube, Play Services after hiding, which makes it difficult for the user to identify the malicious application.

3. Fake app trick to increase download count

   Quick Heal Security Lab has spotted few FakeApps with over 48,000 installs on Google Play Store. These applications seem to be genuine as they use icons of genuine and famous apps but have no functionality other than downloading other apps to improve ratings. It just loads a URL and asks for login and displays the page to install the sponsored application to unlock the functionality of the fake application. They ask users to install the application and rate it 5 star, to access the functionality after 24 hours. The basic intention is to increase the download count and good rating of the sponsored app.

4. PDF attachments launching Android malware

   Lately it was observed that malicious PDF files were being sent to users as an attachment via a phishing email. These PDF files look like a regular document but are locked out and blurred to misguide and make the user curious to open it. These kind of malicious documents are designed to lure the user into opening such documents. This is a key entry point for the malware to the device. These types of PDFs try to get attention of the user to click on it by using various ways like "To open this document, update your Adobe Reader" or "To unlock this document press below button". When the user performs click action on that document, then it downloads malicious APK (Android executable) file from a malicious link present in that PDF. We found that malicious APK is nothing but spyware and spies on almost every activity on the user's phone.

Future opportunities

Digital India

The Digital India initiative by the Government aims at providing fast and high-speed internet connections and stable digital infrastructure. It also aims at providing easy access to any online service. The growing popularity of digitalisation has amplified organisations' reliability on digitised data. This enabled sharing of vast volumes of data in an external and internal environment as well across the globe. Making organisations an easy prey to cyber-crime through different forms of attacks. This has paved enormously huge opportunities for companies like ours – dealing in cybersecurity programme

Smart Cities

The increased complexity of city's systems, interdependencies, globally connected social, economic and political sub-systems have increased the vulnerability of a city's security. The cyberthreats get magnified as infinite supply of data becomes more integral to a wide array of operations. The building blocks of Smart Cities are IT-enabled solutions, smart security, intelligent threat detection, surveillance, biometrics, simulation modelling and crime protection, advanced proactive antivirus protection.

Digital Wallets

Demonetisation also provided a strong impetus for consumers to move from cash to non-cash payment methods. This increase in adoption of digital instruments has aided in rising merchant outlets, as well as proliferation of UPI - providing a simple and convenient way to transfer money across bank accounts. The number of merchants accepting card payments has more than doubled in the last two years to cross 3 Million and the number of UPI transactions almost touched 250 Million in June 2018. The digital giants like Google and Facebook offer seamless payment services leveraging UPI through Google Pay and WhatsApp Pay, respectively. We expect digital payments to evolve rapidly over the next few years. This presents us with immense opportunities in mobile security segment.

Although the mobile security products have not picked up as much but as the threat landscape gets more severe and with more consumer awareness, we should see more adoption of mobile security software. The enterprise security software market is huge in India. Gartner estimates it to be approximately ₹ 3,000 Crores market with multiple categories. Out of that, we are present in End Point Security (EPS), Network Security, Data Protection and Enterprise Mobility Management.

Company overview

About Us

Quick Heal Technologies Limited, incorporated in the year 1995, is one of the early pioneers in the cybersecurity industry. Over the years, the Company has established itself as the most preferred brand in the consumer segment. The Company's brand 'Seqrite', has been slowly making its way in enterprise and Government segment with its extensive product portfolio – aptly backed by technologies like Artificial Intelligence, Machine Learning and Cloud.

At Quick Heal Technologies, we propel on innovation as it enables us to deliver the most relevant cybersecurity and data protection solutions to our customers. Our products find application across multiple business segments – retail, enterprise and Government. Our team's in depth understanding of the threat landscape and security expertise gives us the confidence to aim higher each time. We intend becoming the most valued security partner for our customers and secure their data irrespective of where they live.

Our Products – operational overview

Retail segment (including mobile security)

Our retail product segment has a 30%+ market share. Our renewal rate saw an increase from 35% last year to 40% during the year 2018-19. Our 9 Million endpoints in India feed us with the threat intelligence every day. This aids immensely in providing world-class solution to our end-users. Moreover, from the perspective of customer acquisition, we anticipate superior returns on our retail initiative backed by our broad portfolio. During the year, we also launched new mobile solutions with three variants:

1. One user one year
2. Three users one year and
3. One user three years

Our retail business follows stock and sell model. A slowdown was experienced in the retail product stocking in 2019 Q4, as compared to 2018 Q4. This slowdown was triggered by challenges in the hardware products' distribution channel. A significant overlap between hardware products distribution and consumer security distribution channel caused delayed payment recovery from our primary partners. Our sales team aims at liquidation and activation of the stock at the various points of the network. We have implemented sales automation to closely track stock at various levels in our network. Hence, enabling good stock visibility and right decision-making regarding the stock levels billing, liquidation and activation under each region. We aspire growing our retail base to further widen our market reach. On the product front, latest technological innovation will be launched in the market in Q1 of FY 2020-21. Our objective is to keep pushing the envelope on the technology front. This is a proactive step towards keeping our consumers protected from latest threats.

Enterprise and Government Segment

Enterprise Segment

Our enterprise business comprises of small and mid enterprises. With over 32,900 active customers, the enterprise segment registered a growth of 8% and a healthy renewal ratio of around 80% during the year 2018-19. The numbers show an upward movement in customer acquisition. However, the average realisation per unit was on the lower side which has impacted the overall revenue growth Various factors can be attributed to this:

a) Our lower price variant products (from a basket of multiple product variants) had higher contribution in Q4

b) The market competitive pressures pulled the price down

c) Not as expected up-sell and cross-sell at the renewals to increase ARPU

With the addition of new features in the mid-sized enterprises, we are able to target more number of customers. During the year, we launched new release of Unified Threat Management (UTM), well-suited for the SMB segment. We also launched Secure Web Gateway (SWG) and EMM Solutions (mSuite and MobiSMART) for the mid-to-large segment. The UTM business was well received and has been growing gradually. We anticipate better momentum on enterprise business with the portfolio of the products that are in our repository. On the enterprise side, about 450+ partners have been registered while our total partners that we work withstood over 2,000.

Government Segment

Under the Government segment, our business is gradually growing with a registered growth of 8%. Our sales processes are geared towards fulfilling orders through the GeM portal. With initial hiccups in the beginning of the year, things stabilised as the year progressed. We have also established our partner network handling all GeM orders. We will strive to acquire more strategic accounts in the Government sector. Our recently launched products are still missing from our Government sales. So, we are trying to redirect our efforts to promote our complete product portfolio in the Government sector. Elections have impacted the Government sales in Q4 of current year. We are also exploring opportunities in the PSU segment.

Strong and diversified channel network

Our robust and diversified network of channel partners in cities and towns across India helps us reach our end-customers. Our strong internal sales and marketing team works closely with customers and channel partners to identify new sales prospects, sale solutions and provide after-sales support.

With 25,000+ channel partners, our sales team works for a deeper market penetration under these segments. Our channel partners are aptly trained to assist our customers with technical information, related sales assistance as well as after-sales support services to enterprise users.

Research and development

Innovation forms the backbone of our growth. We constantly work on improving our products using Artificial Intelligence and Machine Learning. This helps strengthen our portfolio while keeping us ahead of the curve. Along with our in-house product development, we have launched third party product in the network security space.

Our R&D team is continuously working towards product upgrades with newer features. This is crucial as it helps sustain our leadership position. The investment in R&D was registered at 17% of top line.

Our software development lifecycle helps track individual projects. The R&D is further divided into various teams that address varied areas of Research & Development.

Product management team:
Helps ensure building of the right products for the right markets at the right time

Product development team:
Designs and builds cutting-edge products and solutions

Quality assurance team:
Persistently maintains and creates industry benchmarks for quality

Internet of Things (IoT) Security Team:
Creates solutions ensuring security for all connected devices

Incidence response team:
Ensures customers remain unaffected by critical attacks/outages with prompt respones

Security labs:
Detects and analyses threat vectors across the globe and provides advanced protection to customers

Customer Support

Our customer support includes multi-lingual end-user support in English, Hindi and other major regional Indian languages. We periodically release various articles, technical papers, quarterly threat reports and conduct webinars in the area of security software.

Our customer support service also includes data sheets, product videos and manuals on website. These provide information on technical specifications, installation guide, upgrade mechanisms along with release of various articles, technical papers, quarterly threat reports and conducting webinars in the area of security software.

Business promotion strategy (key marketing strategies during the year):

Festive Pack

During the year, we launched a special festival pack which offered extra validity to the customer if the licence was activated on the designated festival days. This was essentially aimed to help drive more revenue during the festival season.

Quick Heal Kharido Assured Gift Pao

As part of our marketing strategy, we launched Quick Heal Kharido Assured Gift Pao campaign to establish deeper connect with our customers.

Association with Sony for Show Kaun Banega Crorepati

We continued our association with the television show 'Kaun Banega Crorepati' and other leading news channels through laptop branding to amplify our brand visibility.

Quick Heal Bhajji Blast with CSK

We launched an interesting chat show where Harbhajan Singh had an interesting time interviewing fellow cricketers from CSK team. The show featured top cricketers from India and abroad.

Quick Heal Pinch with Arbaaz Khan

We recently launched a talk show with Arbaaz Khan where he interviewed celebrities about social media trolling and got them to answer various questions which they otherwise were not comfortable answering.

Branding Campaign at Mumbai Airport

As part of the campaign we had branded Domestic Mumbai Airport for outdoor media (large hoardings) so that we could create an impact in the minds of our target audience.

CXO Events

The enterprise decision making audience often takes a deep dive before making the buy decision. In order to create to grab their uninterrupted mind share, we conducted focused group events for CXOs to make them aware of the potential monetary losses and how Seqrite product portfolio can help them counter it.

Human Resources

Our employees are the foundation of our long-term growth and human resource plays a pivotal role in attracting, retaining and developing them. Our business strategies are designed keeping our people policy at the forefront, helping them achieve intended growth. We encourage creating a healthy work environment supported by activities and processes, aligned to the Company's core values. A good amount of effort is put towards developing the capabilities of our employees, preparing them for bigger roles. All the HR processes are transparent and are dealt with complete fairness and compliance.

Financial Overview

Revenue from operations

Revenue from operations has remained almost flat at ₹ 3,149.26 Million in FY 2019 compared to ₹ 3,183.15 Million in FY 2018.

The retail business follows stock and sell model. In the last quarter of the year, the retail product stocking slowed down. The slowdown was triggered mainly by challenges in the distribution channel selling hardware products.

The Retail and Enterprises & Government segments accounted for 79% and 21% contribution respectively.

The number of licences sold by the Retail and Enterprises & Government segments, stood at 5,622 Million and 1,240 Million, registering growth over previous year, with a contribution of 82% and 18% respectively.

Other income

Other income represents income covering heads like gain on value of investments, gain on sale of assets and miscellaneous income, etc. This income was ₹ 326.67 Million for FY 2019 as compared to ₹ 300.02 Million for FY 2018, an increase of 8.88%. The other income in earlier year includes ₹ 65.96 Million one-time service tax credit for earlier years.

The Major components of other income were:

1. Interest income on deposits, largely on account of the funds raised through IPO and being utilised for the purposes stated in the IPO document which amounted to ₹ 106.50 Million in FY 2019 as compared to ₹ 100.55 Million in FY 2018
2. Dividend on current investments, increased by ₹ 45.40 Million from ₹ 102.61 Million in FY 2018 to ₹ 148.01 Million in FY 2019. This was mainly on account of funds generated from the business and reinvested in various financial instruments yielding returns. The amount has gone up during the year as a result of increase in the size of the investment
3. Profit on Sale of Fixed Assets amounted to ₹ 21.33 Million for FY 2019 as compared to ₹ 0.38 Million for FY 2018. The profit on sale of fixed assets pertains to sale of few of the properties as a part of optimisation and consolidation initiative.

Operating Expenses

Some of the major changes in operating expenses are explained below.

Employee benefits expenses

The Company's Employee benefits expenses declined to ₹ 988.51 Million in FY 2019 from ₹ 1,023.00 Million in FY 2018, a decline of 3.4%. The total number of employees declined to 1,037 as at the end of FY 2019 compared to 1,114 as at the end of FY 2018. The resource pyramid was aligned with the growing needs of overall business which has resulted in marginal reduction in the overall employee benefit cost.

Of the above, R&D employees formed the largest part, being at 34% of the overall numbers, followed by at Sales & Marketing at 30%, Technical Support at 20% and balance 16% of employees belong to various enabling and other functions.

Web Publishing Charges

The Company's Web Publishing Charges have gone down by 44.41% to ₹ 16.45 Million in FY 2019 from ₹ 29.59 Million in FY 2018. The lower Web Publishing Charges for the year were mainly due to better and optimised use of Bandwidth and improvisation of product features.

The better negotiation and consolidation of vendors has also helped in the cost reduction. This cost is charged off as expenditure in Profit and Loss Account by the Company.

Technology subscription charges & fees for technical services

Technology subscription charges & fees for technical services stood at ₹ 81.98 Million in FY 2019, compared to ₹ 111.41 Million in FY 2018. The reduction was due to in-house development of software programs which reduced the spend on outsourced activities done earlier as well as better negotiations of software prices.

The Company uses such technology acquisition for its R&D department. During the year, the Company was successful in controlling this overall cost, such cost is charged off by the Company.

Rent

The Company's Rent expenses have gone down by 31.17% to ₹ 14.93 Million in FY 2019 from ₹ 21.69 Million in FY 2018. This is on account of reduction and restructuring of offices and godowns across India as a part of overall consolidation of business.

Rates and Taxes

The Company's rates and taxes have gone down marginally by 1.15% to ₹ 12.88 Million in FY 2019 from ₹ 13.03 Million in FY 2018.

Insurance

The Company covers various risks to safeguard and protect company assets. Various risks covered are:

1. Liability Risk, such as D&O, E&O and other liability insurance
2. Asset insurance covering all offices, fit-outs, furniture and other accessories.

During the year, the insurance cost decreased by 32.07% to ₹ 5.74 Million for FY 2019 from ₹ 8.45 Million for FY 2018. The decrease was mainly on account of better negotiations of insurance premium with various insurance service providers.

Repairs and maintenance

The Company's total repairs and maintenance expenses have marginally reduced by 4.07% to ₹ 30.18 Million for FY 2019, as compared to ₹ 31.46 Million in the previous year.

Business promotion and advertising and sales promotion expenses

The company undertakes direct Advertising and sales promotion and drives promotion through expenses on our sales channels and in partnership with our channel members.

During the year Business Promotion expenses decreased to ₹ 76.25 Million for FY 2019 from ₹ 109.20 Million for FY 2018, decrease of 30.17%.

Advertising expenses increased by 15.23% to ₹ 219.34 Million in FY 2019 compared from ₹ 190.35 Million in FY 2018.

Sales and business promotion expenses were incurred in sync with revenue trends. As the enterprise products are ready for the market, we started advertising for Seqrite in the later part of the year and expect this momentum to continue going forward.

We also launched various special promotional activities to further strengthen the brand recall for Quick Heal including Bhaji Blast, KBC, Pinch, Zee Marathi etc.

Travelling and conveyance expenses

The travelling and conveyance for FY 2019 was ₹ 31.15 Million as compared to ₹ 28.97 Million for FY 2018, an increase of 7.53%. The marginal increase was mainly attributable to inflationary increase in travelling cost.

Communication expenses/Office expenses

Communication expenses increased to ₹ 57.74 Million for FY 2019 as compared to ₹ 50.74 Million for FY 2018, an increase of 13.80%.

The increase in this cost is mainly on account of increase in lease line for the new additional lab facility set up during the year.

Office expenses decreased by 22.52% to ₹ 35.68 Million for FY 2019 as compared to ₹ 46.05 Million for FY 2018.

These changes were mainly on account of restructuring of our company offices and godowns under GST regime.

Legal and professional fees

The Company's legal and professional fees for FY 2019 was ₹ 56.81 Million as compared to ₹ 69.46 Million for FY 2018, a decrease of 18.21% over the previous year.

The reduction was mainly attributable to the reduction in professional charges incurred for management consultancy and legal advisory functions in the earlier year for one-time project.

Provision for doubtful debts and Advances/Bad debts written off

During the year, the provision for doubtful debts and bad debts was provided for ₹ 20.55 Million as compared to ₹ 30.88 Million for FY 2018. The reduction was mainly on account of recovery of some old debts provided in the earlier year.

Miscellaneous expenses

During the year, the miscellaneous expenses increased to ₹ 22.03 Million from ₹ 18.24 Million in FY 2018, an increase of 20.78%.

Earnings before Interest Tax Depreciation and Amortisation (EBITDA)

EBITDA (excluding other income) was ₹ 1,279.01 Million for FY 2019, as compared to ₹ 1,203.41 Million for FY 2018, a growth of 6.28% on Y-o-Y basis. EBIDTA margin came in at 40.61% for FY 2019, compared to 37.81% for FY 2018.

The increase in EBITDA was mainly on account of various cost rationalisation initiatives taken during the year as well in sourcing of certain services.

Interest

The Company does not have interest expense as it does not have any debt on its Balance Sheet.

Depreciation

Depreciation expense decreased by 12.55% to ₹ 235.49 Million for FY 2019, compared to ₹ 269.27 Million for FY 2018. The reduction was mainly on account of no major addition during the year and the written down value depreciation method followed by the Company.

Profit After Tax

Profit after tax came to ₹ 918.24 Million for FY 2019 as compared to ₹ 830.05 Million in FY 2018. As explained above, the improvement was mainly on account of cost optimisation and reduction in depreciation as well as increase in treasury income. Overall cost continues to be under control and thereby yielding better returns.

Equity

Total equity increased to ₹ 705.63 Million on 31 March, 2019, as against ₹ 703.88 Million as on 31 March, 2018. This increase reflects incremental equity issued on account of exercise of ESOPs, as per the Company's Employee Stock Option Plans.

Retained Earnings

During the year, Retained Earnings increased to ₹ 4,418.83 Million as on 31 March, 2018 as compared to ₹ 3,758.24 Million as on 31 March, 2018. This increase reflects, ₹ 660.59 Million of PAT, adjusted for the dividend (Including dividend distribution tax) of ₹ 254.42 Million paid during the year.

Property, Plant and Equipment (PPE) and Intangible assets

During the year, PPE (excluding CWIP) balances decreased to ₹ 1,570.04 Million as of 31 March, 2019 from ₹ 1,611.97 Million as of 31 March, 2018. The reduction was mainly on account of depreciation charged for the year and no major additions to fixed assets during the year.

Intangible assets decreased to ₹ 77.08 Million as of 31 March, 2019 from ₹ 118.54 Million as of 31 March, 2018, mainly on account of full year of amortisation for software purchased in the earlier.

Non-Current Financial Assets

The investment under non-current Financial Assets as on 31 March, 2019 stood at ₹ 296.23 Million as compared to ₹ 175.75 Million as on 31 March, 2018. The increase was mainly due to investment in mutual funds and Tax-free bonds of surplus cash generated during the year, which we intend to hold for more than one year.

Income Tax Assets (Net)

The Income Tax Assets (Net), as on 31 March, 2019, were ₹ 45.54 Million as compared to ₹ 33.90 Million on 31 March, 2018.

Current Financial Assets

Investments

Investments reflect the cash generated by the company and invested in relatively conservative instruments, pending further use of the funds in the business of the company.

As of 31 March, 2019, the total investment stood at ₹ 3,602.17 Million, as compared to ₹ 2,889.04 Million as on 31 March, 2018, showing healthy increase of 24.68% in the Company's treasury size.

Trade and other receivables

The Trade and other receivables stood at ₹ 1,250.52 Million, as of 31 March, 2019, compared to ₹ 1,030.88 Million as on 31 March, 2018. The Receivables Days increased to 138 days as compared to 111 days as on 31 March, 2018.

This was mainly on account of slow recovery from some of the partners mainly due to challenges in retail distribution network and overall business and other economic factors.

Other Current Assets

The Company has other current assets amounting to ₹ 44.74 Million as of 31 March, 2019, as compared to ₹ 24.96 Million as on 31 March, 2018. This increase was mainly on account of advances to few of the suppliers for supply of goods and services made in the last month of the year.

Risks & Concerns

a. **Rapidly evolving market needs and new technology developments**

As we enter new year, security especially in the cyber realm has become increasingly more complex. Concerns and breaches have been on the rise from ransomware variants like WannaCry through to organisations such as Facebook, British Airways or Uber declaring massive breaches; which has brought cybersecurity into the mainstream focus in 2018. This is likely to grow considerably as we move into 2019, due for two reasons, financial gain by organised criminals and the disruption that can be caused through this activity from countries with certain political agendas.

IT security threats are ever-evolving and we need to keep upgrading our products on timely basis. Any delays in the introduction of such new solutions, updates, enhancements and features for effectively protecting end users against new security threats, can impact our competitive position, product reputation, and business prospects. Our products compatibility with variety of hardware, software applications, operating systems and networking protocols is important for our products and solutions to be adopted by customers. Quick Heal lays strong emphasis on continuous investments in research & development to ensure that the latest evolving threats are addressed through timely updates and features introduced to the users. During FY19, the R&D investments made by the Company were around 17% of total revenues respectively. It has a strong R&D team of approximately 356 people of total employee strength working on identifying new threats and devising new solutions and features across retail and enterprise & government segments.

b. **Intense competition from global and domestic anti-virus solution providers**

The IT security market is very competitive with presence of international and Indian companies such as Symantec, Trend Micro, Kaspersky, McAfee, Sophos and Fortinet, among others, WardWiz, e-Scan, NPAV and K7. The hardware OEMs or operating system software such as Microsoft, Cisco Systems and International Business Machines Corp. (IBM), HP and Lenovo increasingly incorporate the system and network security functionality into their products and enhance that functionality either through internal development or through strategic alliances or acquisitions. Such companies may use these advantages to offer solutions that are perceived to be as effective as ours at a lower price or for free as part of a larger product package or solely in consideration for maintenance and services fees. This potentially impacts the average realisation per unit of the product sold by us.

Quick Heal is currently the market leader in the retail segment with more than 30% market share. In addition to metros, we also have strong presence in Tier II and Tier III cities. Compared to global players in India, we have much wider depth and distribution reach through our expansive partner network. Further, our consistent marketing efforts, partner / retailer influence and promotional activities help us in converting and attracting new customers. Our superior customer support is our largest differentiator. We provide multi-lingual end user support in English, Hindi and several other major regional Indian languages and multi-modal support to users through phone, email, SMS, online chat, support forum and remote access.

Quick Heal has good market share in the SMB market segment and positions it's comprehensive Seqrite portfolio in this segment. We also aspire to grow into the mid Enterprise market segment. The presence of established global players in the Enterprise and Government segment poses challenge for the Quick Heal's business growth. However, with the 25+ years legacy, broad product portfolio, local R&D presence, deep intelligence of threat landscape, distributed sales, technical support, should give us competitive edge over competition.

c. Our business growth depends on the partner eco system

We rely significantly on our channel partners to sell and support our solutions. Our channel partners include service providers, system integrators, resellers and distributors. Our agreements with channel partners are non-exclusive, meaning our partners may offer customers software security products from other companies, including products that compete with our solutions. If our channel partners do not effectively market and sell our solutions or choose to use greater efforts to market and sell their own solutions or the solutions of our competitors, our business operations will be adversely affected. Adverse changes in our channel partner network or relationships with channel partners could adversely affect the quantity and pricing of the solutions offered by us which may in turn materially and adversely affect our business prospects. Quick Heal has strong brand recognition in the Indian IT security market which is evident from the fact that it leads the retail market with more than 30% market share. Our strong brand has helped us to extensively grow our partner network across India. We have built two tier distribution model to ensure the rightful reach and mitigation of financial risks. Our sales team is closely involved in maximising product availability across the channel and providing technical / sales assistance. We provide on-going training (4 technical support centres) to channel partners for providing support services to end users. This helps us to ensure that our partners are able to effectively sell our products and remain loyal to our brand.

d. Exposure to high credit risk

AV retail industry predominantly work on Stock and Sales model. This being a hypercompetitive industry, heavy stocking at all levels plays a pivotal role in driving market share. We rely significantly on our channel partners to sell and support our solutions and we expect that sales through our channel partners will continue to account for a significant percentage of our revenues. Weakness in the end user market could negatively affect the cash flow of our channel partners or distributors and resellers, who could, in turn, delay making payments to us and impact our working capital. We typically offer our channel partners around 60 days of credit. Furthermore, a change in the credit quality at one of our channel partners or other counterparties can increase the risk that such counterparty is unable or unwilling to pay amounts owed to us, which could directly or indirectly have a material adverse effect on our results of operations. We maintain strict control on credit exposure to our channel partners. While our sales team continuously works with them to ensure faster sales turnaround, they also keep a close tab on collections from partner. To mitigate the risk, we are as well working on adding more primary distributors in this FY and as well directly tying up with 1000+ Sub distributors. The sales automation initiative is also helping us to get real time picture and monitor the stock level at each distributor.

e. Seqrite brand is newer compared to established brands in the Enterprise security business

As we aspire to acquire larger enterprises with the Seqrite portfolio, often Customers may choose to go with established security vendors, as these brands have been established for years or decades in some cases. This may prove to be a challenge to acquire larger Enterprises.

Quick Heal is well known brand for providing Cyber security solutions. Many small enterprises and mid enterprises are already using Seqrite products for multiple years and are very satisfied and repeat Customers. The Seqrite portfolio is broad and increasing each year and addressing the real needs of the Enterprises. Quick Heal is also investing into the marketing efforts, so that Seqrite brand gets established as Enterprise security solutions brand. Local product R&D, unmatched technical support, and capable sales staff should help Quick Heal to start gaining more market share in the larger Enterprises segment, backed up by stronger Seqrite brand in the near future.

f. **Challenge to protect our proprietary technology and intellectual property rights**

We have a registered Trademark for our Corporate Logo "Quick Heal®" and enjoy statutory protection accorded to our Trademark. The protection and enforcement of our intellectual property rights in the markets in which we operate is uncertain. The laws of countries in which we operate or intend to expand our operations may afford little or no protection to our patents, copyrights, trade secrets and other intellectual property rights. While we have applied for registration of certain patents in India, none of them have been granted so far. Typically, we do not obtain signed license agreements from customers who license products from us. In these cases, we include an electronic version of an end-user license in all of our electronically distributed software and a printed license with our products that are distributed in a box. Although this is common practice for software companies that sell off-the-shelf products to have licenses that are not signed by the licensee, certain legal authorities believe that such licenses may not be enforceable under the laws of many jurisdictions. Proprietary technology used in our solutions is important to our success. We typically protect our intellectual property under patent, trademark, copyright and trade secret laws and through a combination of confidentiality procedures, contractual provisions and other methods, all of which offers only limited protection. For example, we have been granted four patents in the United States and have registered trademarks such as "Quick Heal", "Guardian", "Security Simplified®", "Aapke PC mein kaun rehta hai, Virus ya Quick Heal®" and "Surf Canister" in India. We have registered trademarks for "Quick Heal®" and "Seqrite®" in the European Union. We have also obtained trademark registration for "Quick Heal®" in various countries such as Australia, Japan and the United States, among others, where we currently do business or are planning to do business.

Internal Control and Systems

The Company's internal control systems adequately includes set of rules, policies and procedures that drive business, increase efficiency and strengthen adherence to policies. These controls and systems are designed keeping the nature of our business, its size and complexity in mind. Our statutory and internal auditors review our business and procedures on a periodical basis to avoid errors and a systematic flow of our business activities. All the significant observations, if any, are duly acted upon promptly. Reports of the same are thoroughly reviewed by the Audit Committee at their meeting.

Cautionary Statement

This document contains statements about expected future events, financial and operating results of Quick Heal Technologies Limited, which are forward looking. By their nature, forward looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirely by the assumptions, qualifications and risk factors referred to in the Management's Discussion and Analysis of Quick Heal Technologies Limited's Annual Report 2018-19.

Notice

Notice is hereby given that the 24th Annual General Meeting of the Members of **Quick Heal Technologies Limited** will be held on Monday, July 15, 2019 at 11:00 A.M. at Ramee Grand Hotel & Spa, Plot. No. 587/3, CST No. 1221/C, Apte Road, Shivaji Nagar, Pune - 411 004, to transact the following business:

ORDINARY BUSINESS

1. Adoption of Annual Accounts:

   To consider and adopt (a) the audited financial statements of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon; and (b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2019 and the report of Auditors thereon and in this regard, pass the following resolutions as **Ordinary Resolutions:**

   (a) **"RESOLVED THAT** the audited financial statements of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted."

   (b) **"RESOLVED THAT** the audited consolidated financial statements of the Company for the financial year ended March 31, 2019 and the report of Auditors thereon laid before this meeting, be and are hereby considered and adopted."

2. To declare Dividend on equity shares:

   To declare a final dividend of ₹ 2/- per equity share for the year ended March 31, 2019, pass the following resolutions as **Ordinary Resolution:**

   "RESOLVED THAT a dividend at the rate of ₹ 2/- (Two rupees only) per equity share of ₹ 10/- (Ten rupees) each fully paid-up of the Company be and is hereby declared for the financial year ended March 31, 2019 and the same be paid as recommended by the Board of Directors of the Company, out of the profits of the Company for the financial year ended March 31, 2019."

3. Directors' retire by rotation:

   To appoint a director in place of Mr. Sanjay Katkar (DIN: 00397277), who retires by rotation and, being eligible, offers himself for re-appointment, pass the following resolutions as **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Sanjay Katkar (DIN: 00397277), who retires by rotation at this meeting and being eligible has offered him-self for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation and he will be continued to be designated as Joint Manging Director of the Company."

4. Appointment of Statutory Auditors:

   To consider and, if thought fit, to pass, with or without modification(s), the following as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of sections 139 and other applicable provisions, if any, of the Companies Act, 2013, read together with Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the consent of the Members of the Company be and is hereby given for appointment of M/s. MSKA & Associates, (Firm Registration No. 105047W), Chartered Accountants, as the Statutory Auditors of the Company, to hold office for a period of five years from the conclusion of this Annual General Meeting till the conclusion of 29th Annual General Meeting, on such remuneration, as may be mutually agreed between the Board/Audit Committee and the Auditors."

SPECIAL BUSINESS

5. Variation in IPO proceeds:

   To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution:**

   "RESOLVED THAT pursuant to provisions of Section 27 of Companies Act, 2013, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, and other applicable provisions, if any (including any statutory modifications or re-enactments thereof, for the time being in force), consent of the Members of the Company be and is hereby accorded to the Board to use/deploy unutilised funds out of the proceeds of Initial Public Offering (IPO) of its Equity Shares of the Company under the object "Purchase, Development and Renovation of office premises in Kolkata, Pune and New Delhi, which stood at ₹ 87.23 Million as on March 31, 2019, in the best interest of the Company for other projects inter alia including 'general corporate purposes', in addition to the Objects of the Issue stated in the Prospectus of the IPO of the Company.

   RESOLVED FURTHER THAT the consent of the Members be and is hereby accorded to the Board of Directors for varying the allocation of the unutilised funds out of the IPO proceeds for the above stated objects."

6. Service of Documents through particular mode under section 20 of Companies Act, 2013

   To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution:**

Notice (Contd.)

"RESOLVED THAT pursuant to provisions of Section 20 of the Companies Act, 2013, Rule 35 of the Companies (Incorporation) Rules, 2014 and other applicable provisions, if any, of the Act, whereby a document may be served on any Member by the Company by sending it to him/her by post or by registered post or by speed post or by courier or by delivering to his office or address, or by such electronic or other mode as may be prescribed, the consent of the Members be and is hereby accorded to charge from the Member the fee in advance equivalent to the estimated actual expenses of delivery of the documents, pursuant to any request made by the Member for delivery of such document to him/her, through a particular mode of services mentioned above provided such request along with requisite fee has been duly received by the Company at least one week in advance of the dispatch of document by the Company and that no such request shall be entertained by the Company post the dispatch of such document by the Company to the Members.

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, directors or key managerial personnel of the Company be and are hereby severally authorised to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the matter aforesaid and further to do all acts, deeds, matters and things as may be necessary, proper or desirable or expedient to give effect to the above resolution."

7. Appointment of Independent Director:

   To appoint Mr. Amitabha Mukhopadhyay as an Independent Director and in this regard, pass the following resolution as **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 and 161 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Amitabha Mukhopadhyay (DIN: 01806781), who was appointed as an Additional, Non-executive, Independent Director by the Board of Directors of the Company with effect from June 10, 2019 and who holds office up to the date of this Annual General Meeting, who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013, and being eligible, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director on the Board of Directors of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years up to June 09, 2024."

8. Ratification of Remuneration Of Cost Auditor:

   To consider and, if thought fit, to pass, with or without modification(s), the following as an **Ordinary Resolution:**

   "RESOLVED THAT, pursuant to the provisions of section 148, Rule 3 of Companies (Cost Records and Audit) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013, read with rules made there under, as amended from time to time, the Members hereby ratify the remuneration of ₹ 62,000/- (Sixty Two Thousand) for FY 2019-20 and ₹ 70,000/- (Seventy Two Thousand) for FY 2020-21 plus applicable taxes and out of pocket expenses at actuals to the Cost Auditors M/s Bhavesh Marolia & Associates for conducting the audit of cost records maintained by the Company"

BY ORDER OF THE BOARD OF DIRECTORS
For Quick Heal Technologies Limited

Sd/-
Kailash Katkar
Managing Director & CEO
DIN: 00397191
Place: Pune
Date: June 10, 2019

Registered Office: Marvel Edge, Office No. 7010 C & D, 7th Floor, Viman Nagar, Pune- 411014. CIN: L72200MH1995PLC091408
Tel: +91 20 66813232, E-mail id: cs@quickheal.co.in
Website: www.quickheal.co.in

Notes

1. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, with respect to the Special Business to be transacted as aforesaid is annexed hereto.
2. Pursuant to SS-2 i.e. Secretarial Standard on General Meetings as issued by the Institute of Company Secretaries of India, the route map for reaching the meeting venue showing the prominent landmarks is given elsewhere in this Notice. The Company has also uploaded the above route map on its website at http://www.quickheal.com/investors.
3. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY, IN ORDER TO BE EFFECTIVE MUST BE DULY FILLED, STAMPED, SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
4. A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten per cent of the total share capital of the Company carrying voting rights. A Member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy for any other shareholder.
5. Corporate Members are requested to send to the Company a duly certified copy of the Board Resolution authorising their representative to attend and vote at the Annual General Meeting.
6. Members/Proxies are requested to bring duly filled attendance slips to be deposited with the Company officials at the venue of the meeting.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
9. The Register of Members and Share Transfer Books shall remain closed from July 09, 2019 to July 15, 2019 (both days inclusive), for determining the names of Members eligible for the dividend for the financial year ended March 31, 2019.
10. The dividend, as recommended by the Board of Directors, if declared by the Members at the 24th Annual General Meeting, will be paid at par on or before August 13, 2019:
    a. In respect of shares held in dematerialised form, to the beneficial owners of the shares as at the close of business hours on July 08, 2019, as per the details furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
    b. In respect of shares held in physical form, to the Members whose names appear in the Company's Register of Members on July 08, 2019.
11. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Link Intime.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Link Intime.
13. Non-Resident Indian Members are requested to inform Link Intime, immediately of: a) Change in their residential status on return to India for permanent settlement. b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
14. The Register of Directors and Key Managerial Personnel and their shareholding and Register of Contracts and Arrangements in which Directors are Interested, as maintained under Section 170 and section 189 respectively of the Companies Act, 2013, will be available for inspection by the Members at Annual General Meeting.
15. Procedure and instructions relating to e-Voting:
    (i) The voting period begins on July 12, 2019 at 12:01 AM (IST) and ends on July 14, 2019 at 5:00 PM (IST). During this period Members' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of July 08, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
    (ii) The Members should log on to the e-voting website www.evotingindia.com.
    (iii) Click on Shareholders / Members

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(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Members can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

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(xix) Note for Non - Individual Members and Custodians

- Non-Individual Members (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutiniser to verify the same.
- As per provisions of Rule 20(ix) of Companies (Management and Administration) Rules, 2014, a scrutiniser is required to be appointed for scrutinising the e-voting and remote e-voting process in a fair and smooth manner. In this regard Mr. Jayavant Bhave, Company Secretary, had been appointed to act as scrutiniser at the ensuing Annual General Meeting.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

16. Pursuant to Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 read with Secretarial Standard-2 on General Meetings effective 1 October 2017, brief profile of the director eligible for re-appointment, vide item no. 3 is as follows:

17.

Particulars	Mr. Sanjay Katkar
DIN	00397277
Date of Birth & Age	November 29, 1970, Age: 49
Date of Appointment	August 7, 1995
Qualifications	Masters in Computer Science
Experience	Development of anti-virus software, technology and related services
Directorship held in other listed entities	Nil
Membership/Chairmanship of Committees of listed entities (includes on Audit committee & Stakeholders Relationship Committee)	Nil
Number of Shares held in the Company	2,05,11,384
Relationship with any Director (s) and KMPs of the Company	Brother of Mr. Kailash Katkar
Number of Meetings Attended During the year	06

18. Members desiring any information as regards to financial statements are requested to write to the Company at least seven days in advance of the meeting date so as to enable the management to keep the information ready.

19. Members who wish to claim dividends, which remain unclaimed, are requested to correspond to the Company at cs@quickheal.co.in or 'Company Secretary' at the Company's Registered Office. Members are requested to note that dividends which are not en-cashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education and Protection Fund maintained by the Government of India.

20. As a measure of austerity and green initiatives of the Company, copies of Annual Report will not be distributed at the Annual General Meeting.

21. With a view to take "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies, the Ministry of Corporate Affairs (the 'Ministry') has allowed companies to share documents with Members through electronic communication. It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow public at large to contribute towards a greener environment. This is a golden opportunity for every Member to support the initiative of the Ministry. To support this initiative of the Ministry and in view of Green Movement, the Company will henceforth send documents to Members in electronic form, at the e-mail address provided by Members with their respective depositories. In case Members desire to have a different e-mail address to be registered, they may please update the same with their respective Depository Participant. Registering e-mail address helps to receive communication promptly, reduce paper consumption and save trees, eliminate wastage of

Notes (Contd.)

paper, avoid loss of document in postal transit and save costs on paper and on postage. The Company will also make available a copy of its Annual Report and quarterly results on the Company's website.

Members are requested to communicate matters relating to shares, including dividend matters to the Company's Registrar and Share Transfer Agent at the following address: Link Intime India Private Limited (Unit: Quick Heal Technologies Limited) CIN - U67190MH1999PTC118368 Block No. 202, Second Floor, Akshay Complex,Off Dhole Patil Road, Pune- 411 001, India Tel: +91 (20) 2616 1629/ 2616 0084 Fax: +91 (20) 2616 3503 E-mail: pune@linkintime.co.in Website: www.linkintime.co.in

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

ITEM NO 4 - APPOINTMENT OF STATUTORY AUDITORS

[Pursuant to Regulation 36(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

The current Statutory Auditors of the Company will be completing their term of 10 years with the Company on the conclusion of 24th Annual General Meeting of the Company. Owing to the same the management had initiated the process of selecting the new statutory auditor and considered various options in consultation with the Audit Committee. The primary criteria for the selection of a new auditor was the expertise required, past performance & experience and shortlisted M/s. MSKA & Associates (Firm Registration No. 105047W), Chartered Accountants.

In view of the above, the Audit Committee had proposed to the Board and the Board had recommended the appointment of M/s MSKA & Associates (Firm Registration No. 105047W), Chartered Accountants as the Statutory Auditors of the Company to hold such office for a period of five consecutive years from the conclusion of 24th Annual General Meeting to the conclusion of 29th Annual General Meeting subject to approval by Members of the Company at a proposed remuneration of ₹ 31 lakhs per annum, which is on par with industry standard. The Company hereby confirms that there is no material change in the fee payable to new auditors from that was paid to the outgoing auditor.

None of the Directors and key managerial personnel (including relatives of directors or key managerial personnel) of the Company is concerned or interested, financially or otherwise, in this resolution and the Board recommends the resolution to be passed as Ordinary Resolution.

ITEM NO 5 - VARIATION IN IPO PROCEEDS:

The Members at the Annual General Meeting of the Company held on September 24, 2015, had approved Initial Public Offering (IPO) of the equity shares of the Company. Accordingly, the Company had made an IPO of its Equity Shares in 2016 and shares of the Company were listed on the National Stock Exchange of India Limited and BSE Limited in 2016. The IPO of the Company was planned with the objects, as more particularly stated and described under section titled "Objects of the Issue" in the Prospectus Date February 13, 2016, which included a). Advertising and sales promotion; b) Capital expenditure for research and development; c) Purchase, development and renovation of office premises in Kolkata, Pune and New Delhi; and d) General corporate purposes.

During the year ended March 31, 2016, the Company has raised ₹ 4,512.53 Million through public issue, specifically to meet the following objects of the Offer. The utilisation of IPO proceeds during the year ended March 31, 2019 and March 31, 2018 against the following objects of the Offer is as follows:

(₹ in Million)

	Fund allocated to the activities as per prospectus	Actual utilisation up to March 31, 2019	Unutilised money as on March 31, 2019	Actual utilisation up to March 31, 2018	Unutilised money as on March 31, 2018
Advertising and sales promotion	1,110.00	496.52	613.48	319.30	790.70
Capital expenditure on research and development	418.80	391.69	27.11	308.94	109.86
Purchase, development and renovation of office premises in Kolkata, Pune and New Delhi	275.95	188.72	87.23	188.72	87.23
General corporate purposes	537.76	285.64	252.12	133.53	404.23
Total	**2,342.51**	**1,362.57**	**979.94**	**950.49**	**1,392.02**

The Company had completed the projects under the object "Purchase, Development and Renovation of office premises in Kolkata, Pune and New Delhi" and due to better commercial negotiations as well as business reasons, there is an unspent amount of ₹ 87.23 Million as on March 31, 2019. In view of the above, it is proposed to transfer these unutilised funds to category "General Corporate Purpose", where these funds will be utilised in full in next two years along with the existing unutilised funds in this category.

Notes (Contd.)

In terms of Section 27 of the Companies Act, 2013 a Company cannot vary the terms of a contract referred to in the prospectus except subject to the approval of or except on authority given by, the Company in a general meeting. Therefore, the Board of Directors seeks approval of the Members for use/deployment of unutilised part of the IPO proceeds under the head "Purchase, Development and Renovation of office premises in Kolkata, Pune and New Delhi, which stood at ₹ 87.23 Million as on March 31, 2019 for "general corporate purposes" in addition to the Objects of the issue stated in the Prospectus of the IPO of the Company. The Board of Directors also seeks approval of Members for varying the allocation of the unutilised part of the IPO proceeds for the above states objects.

None of the Directors and key managerial personnel (including relatives of directors or key managerial personnel) of the Company is concerned or interested, financially or otherwise, in this resolution except to the extent of their shareholding and the Board recommends the resolution to be passed as Special Resolution.

ITEM NO 6 - SERVICE OF DOCUMENTS THROUGH PARTICULAR MODE PURSUANT TO SECTION 20 OF COMPANIES ACT, 2013:

As per section 20 of the Companies Act, 2013, a document may be served on any Member by sending it to him/her by post or by registered post or by speed post or by courier or by delivering to his/her office or address, or by such electronic or other mode as may be prescribed.

Further, a Member may request for delivery of any document through a particular mode, for which he or she shall pay such fees in advance as may be determined by the Company in its Annual General Meeting.

None of the Directors and key managerial personnel (including relatives of directors or key managerial personnel) of the Company is concerned or interested, financially or otherwise, in this resolution except to the extent of their shareholding and the Board recommends the resolution to be passed as Special Resolution.

ITEM NO 7 - APPOINTMENT OF INDEPENDENT DIRECTOR

In terms of the Corporate Governance Guidelines of the Company and pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company passed a resolution by circulation dated June 10, 2019 to appoint Mr. Amitabha Mukhopadhayay as an Additional, Non-Executive, Independent Director of the Company under the provisions of the Companies Act, 2013. As per the said resolution, the term of appointment of Mr. Amitabha Mukhopadhayay expires on the date of this Annual General Meeting. Pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company, and shall be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in Board's report. It is proposed to appoint Mr. Amitabha Mukhopadhaya for a term of 5 years from June 10, 2019 to June 09, 2024.

The Company has received a declaration from Mr. Amitabha Mukhopadhyay confirming that he meets the criteria of independence under Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the Company has also received Mr. Amitabha Mukhopadhyay's consent to act as a Director in terms of section 152 of the Companies Act, 2013 and a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013. In the opinion of the Board of Directors, Mr. Amitabha Mukhopadhyay fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder, for his reappointment as an Independent Director of the Company and is independent of the Management.

In terms of Section 160 of the Companies Act, 2013, the Company has received a notice in writing from a Member proposing the candidature of Mr. Amitabha Mukhopadhyay to be appointed as an Independent Director as per the provisions of the Companies Act, 2013. Copy of draft letter of appointment of Mr. Amitabha Mukhopadhyay setting out the terms and conditions of appointment shall be available for inspection by the Members at the registered office of the Company. A brief profile of Mr. Amitabha Mukhopadhyay is given below:

Mr. Amitabha Mukhopadhyay, 54, is a graduate from the University of Calcutta in Physics (Hons). He is a Fellow of the Institute of Chartered Accountants of India and a law graduate from Pune University.

Mr. Mukhopadhyay served as Group Chief Financial Officer of Thermax till May 2019. He was also a member of the Group Executive Council, held the role of Group General Counsel and was leading the Water & Waste Solutions Business of the group as Business Head. For most part of his professional career he worked for Tata Group and Thermax. Before joining Thermax, Amitabha was the President and Group CFO of Tata Autocomp Systems (TACO), the auto component business group of Tata Group. In career spanning over nearly three decades, he held roles in corporate finance, corporate legal and litigation, merger

Notes (Contd.)

and acquisitions, corporate strategy and restructuring, supply chain management and product development. He successfully led business turnarounds and transformation as Business Head, and also headed businesses in start-up and early stage.

Amitabha is an active contributor to key industry forums. He earlier headed the Finance & Taxation Panel of CII, Pune. He is a Governing Body member of the Association of Finance Professionals of India. He is a regular speaker in various industry and finance forums. He is an active Rotarian and participates in social projects focused on education.

Except Mr. Amitabha Mukhopadhyay, being an appointee and his relatives, none of the Directors and key managerial personnel (including relatives of directors or key managerial personnel) of the Company is concerned or interested, financially or otherwise, in this resolution and the Board recommends the resolution to be passed as Ordinary Resolution

ITEM NO 8: RATIFICATION OF REMUNERATION OF COST AUDITORS:

As per the Companies (Cost Records and Audit) Rules, 2014, the Cost Records to be maintained by the Company for certain products of the Company.

M/s. Bhavesh Marolia & Associates, Cost Accountants ("Firm"), has been conducting the audit of the cost accounting records of the Company for the past few years. The Firm has, as required under Section 141 of the Companies Act, 2013, confirmed its eligibility to conduct the audit of the cost accounting records of the Company for the financial year(s) 2019-20 and have consented to act as the Cost Auditor of the Company. At the recommendation of the Audit Committee, the Board of Directors at its Meeting held on May 10, 2019, approved the appointment of M/s. Bhavesh Marolia & Associates, Cost Accountants, as the Cost Auditors to conduct the audit of the cost records of the Company for the financial years 2019-20 and 2020-21 at the remuneration of ₹ 62,000/- and ₹ 70,000/- per financial year respectively plus applicable Government taxes and out of pocket expenses. Section 148 (3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditor) Rules, 2014, requires that the remuneration payable to the Cost Auditors should be ratified by Members of the Company. Accordingly, ratification by the Members is sought for the remuneration payable to the Cost Auditors.

None of the Directors and key managerial personnel (including relatives of directors or key managerial personnel) of the Company is concerned or interested, financially or otherwise, in this resolution and the Board recommends the resolution to be passed as Ordinary Resolution.

BY ORDER OF THE BOARD OF DIRECTORS

Sd/-
Kailash Katkar
Managing Director & CEO
DIN: 00397191
Place: Pune
Date: June 10, 2019

DIRECTORS' REPORT

Dear Members,

The Board of Directors of your Company is pleased to present the 24th Annual Report along with the audited financial statements, for the financial year ended March 31, 2019.

1. FINANCIAL HIGHLIGHTS

(All amounts are in ₹ Millions, unless otherwise stated)

Particulars	2018-2019	2017-2018
Revenue from Operations (Net)	3,149.26	3,183.15
Other Income	326.67	300.02
Total Income	**3,475.93**	**3,483.17**
Profit Before Tax	**1,370.19**	**1,234.16**
Total Tax	451.95	404.11
Profit After Tax	**918.24**	**830.05**

2. BUSINESS OPERATIONS AND OUTLOOK

Your Company recorded a total income of ₹ 3,475.93 Million for the financial year 2018-19 as against ₹ 3,483.17 Million in 2017-18 resulting in a decrease of 1.1% in the total revenue during the year under review on Consolidated basis. The Company continued to position itself as one of the leading players in market. The Profit after Tax of the Company rose by 10.62% from ₹ 830.05 Million in 2017-18 to ₹ 918.24 Million in the year under review.

Outlook of the business has been discussed in detail in the "Management Discussion and Analysis" which forms a part of this Annual Report.

3. DIVIDEND

The Board of Directors of your Company have recommended a Dividend @ 20% i.e. ₹ 2/- per equity share, for the financial year 2018-19.

The payment of aforesaid Dividend is subject to the approval of the Members at the ensuing Annual General Meeting.

4. SHARE BUYBACK

The Board, at its meeting held on March 5, 2019, approved a proposal for the Company to buyback its fully-paid-up equity shares of face value ₹ 10/- each from the eligible equity shareholders of the Company for an amount not exceeding ₹ 1,750 Million. The shareholders approved the proposal of buyback of equity shares through the postal ballot and e-voting that concluded on April 12, 2019. The buyback offer comprised a purchase of 6,363,636 equity shares aggregating 23.87% of the paid-up equity share capital and free reserves as per the latest audited financial statements of the Company as on March 31, 2018, on a standalone basis at a price of ₹ 275/- per equity share. The buyback will be offered to all eligible equity shareholders (including those who became equity shareholders as on the record date of the Company (i.e. April 26, 2019) on a proportionate basis through the 'Tender offer' route. In this regard, the Promoter and Promoter Group entities have expressed their intention to participate in the buyback vide their letters dated March 6, 2019 and may tender up to an aggregate maximum of 4,602,772 Equity Shares or such lower number of equity shares in accordance with the provisions of Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. The Company had filed the draft letter of offer with Securities and Exchange Board of India (SEBI) on April 24, 2019. Further, the Company has received final SEBI observations on the Draft Letter of Offer, and shall be dispatching the Letter of Offer for the Buyback to the eligible shareholders appearing on the record date of April 26, 2019, on or before May 13, 2019.

5. TRANSFER OF PROFITS TO RESERVES

Your Directors have decided not to transfer any amount to General Reserve and to carry forward the entire surplus under the Statement of Profit & Loss.

6. PUBLIC DEPOSITS

During the year under review, your Company did not accept any deposits within the meaning of Chapter V of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014, as amended from time to time.

7. REPORT ON PERFORMANCE OF SUBSIDIARIES

A statement containing salient features of the financial statements of Subsidiary Companies in Form AOC-1, as required under section 129 (3) of the Companies Act, 2013, forms a part of this Annual Report and is annexed as **Annexure A.** The audited financial statements in respect of each of the subsidiaries shall be kept open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. to 1:00 p.m. upto the date of the forthcoming Annual General Meeting. Further, the Company will make available the audited annual accounts and related information of the subsidiary companies, upon request by any Member of the Company.

Directors' Report (Contd.)

8. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements ("CFS") of your Company along with its subsidiaries as at March 31, 2019 have been prepared in accordance with the Indian Accounting Standard on 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India read together with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the SEBI (LODR) Regulations") form a part of this Annual Report. The Auditors' Report on the CFS is also attached, which is unqualified.

9. MANAGEMENT DISCUSSION AND ANALYSIS

As per the provisions of Regulation 34 of the SEBI (LODR) Regulations 2015, a detailed review by the Management of the business operations of the Company, future outlook of its business is presented under separate section "Management Discussion and Analysis" which forms a part of this Annual Report.

10. CORPORATE GOVERNANCE

Our value system, culture and policies reflect in our Corporate Governance practices. The Company has complied with the regulatory provisions for Corporate Governance as prescribed under Schedule V of SEBI (LODR) Regulations, 2015. The quarterly Corporate Governance Reports are submitted with the stock exchanges in compliance with the regulatory provisions. M/s J. B. Bhave & Co., Practicing Company Secretary confirming compliance of conditions of the Corporate Governance, forms a part of this Annual Report.

11. COMPLIANCE WITH THE CODE OF CONDUCT

A declaration signed by the Managing Director & CEO affirming compliance with the Company's Code of Conduct by the Directors and Senior Management Personnel, for the financial year 2018-19, as required under Schedule V of the SEBI (LODR) Regulations, forms a part of this Annual Report.

12. DIRECTORS & KEY MANAGERIAL PERSONNEL

Mr. Sanjay Katkar (DIN: 00397277), Joint Managing Director of the Company, retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment. A Profile of Mr. Sanjay Katkar, as required by Regulation 36(3) of the SEBI (LODR) Regulations are given in the Notice convening the forthcoming Annual General Meeting.

Mr. Kailash Katkar, Managing Director & CEO, Mr. Sanjay Katkar, Joint Managing Director & CTO, Mr. Nitin Kulkarni, Chief Financial Officer are the Key Managerial Personnel of the Company within the meaning of sections 2(51) and 203 of the Companies Act, 2013 read together with the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, as on March 31, 2019.

During the year, Mr. Raghav Mulay, Company Secretary and who was also Key Managerial Personnel of the Company had resigned effective January 16, 2019 and Mr. Srinivasa Rao Anasingaraju is appointed as Company Secretary of the Company effective May 10, 2019, who is designated as Key Managerial Personnel of the Company.

Mr. Pradeep V. Bhide, an Independent Director, resigned as Member of the Board effective April 01, 2019.

13. BOARD MEETINGS

During the financial year 2018-19, 6 (Six) Board meetings were held, details are as under;

S. No.	Date of Meeting
1.	April 10, 2018
2.	May 10, 2018
3.	August 08, 2018
4.	November 12, 2018
5.	February 13, 2019
6.	March 05, 2019

The maximum time gap between any two meetings did not exceed prescribed period of one hundred twenty days.

14. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, Directors of your Company hereby state and confirm that:

a) in the preparation of the annual accounts for the year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the same period;

c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) they have prepared the annual accounts on a going concern basis;

e) they have laid down internal financial controls in the company that are adequate and were operating effectively.

f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and these are adequate and are operating effectively.

Directors' Report (Contd.)

15. DECLARATION OF INDEPENDENCE BY INDEPENDENT DIRECTORS

The Company has received necessary declarations from each Independent Director under section 149(7) of the Companies Act, 2013, that he/she the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

16. PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Board has established a comprehensive process to evaluate the performance of the Directors, Committee and the Board. The performance evaluation matrix defining the criteria of evaluation for each of the above has been put in place. The performance evaluation of the Independent Directors was carried out by the Board (excluding the Director being evaluated). The Independent Directors also reviewed the performance of Non-Independent Directors. The Chairman had updated the other Members of the Board about the outcome of the process.

17. COMMITTEES OF THE BOARD

During the year under review, the composition of different Committees of your Board of Directors is given hereunder:

Sr. No	Committee	Chairperson	Member	Member	Member	Member
1	*Audit Committee	Mr. Pradeep Vasudeo Bhide	Mr. Kailash Katkar	Mr. Manu Parpia	Ms. Apurva Joshi	Ms. Priti Rao
2	Nomination and Remuneration Committee	Mr. Manu Parpia	Mr. Kailash Katkar	Mr. Pradeep Vasudeo Bhide	-----	-----
3	Stakeholders Relationship Committee	Mr. Mehul Savla	Mr. Kailash Katkar	Ms. Apurva Joshi	#Mr. Pradeep Vasudeo Bhide	-----
4	CSR Committee	Ms. Priti Rao	Mr. Kailash Katkar	Mr. Sanjay Katkar	-----	-----

* Audit Committee performs the functions of Risk Management Committee.

#Resigned as a Member of the Stakeholders and Relationship Committee effective June 26, 2018

18. SECRETARIAL AUDIT REPORT

As required by Section 204 of the Companies Act, 2013 and Rules made thereunder, the Board appointed M/s. J B Bhave & Co., Practising Company Secretaries, Pune as the Secretarial Auditors of the Company for the financial year 2019-20.

The Secretarial Auditor's Report forms part of this Annual Report, annexed as **Annexure B**

19. STATUTORY AUDITORS

Under Section 139 of Companies Act, 2013 and Rules made thereunder, it is mandatory for the Company to rotate its statutory auditors on completion of the maximum term permitted under the said section. The current Auditors of the Company will be completing their term of 10 years on the conclusion of 24th Annual General Meeting of the Company. In this regard, the Audit Committee had proposed to the Board and the Board had recommended appointment of M/s MSKA & Associates (Firm Registration No. 105047W), Chartered Accountants as the Statutory Auditors of the Company to hold such office for a period of five consecutive years from the conclusion of 24th Annual General Meeting to the conclusion of 29th Annual General Meeting subject to approval by Members of the Company.

M/s MSKA & Associates, Chartered Accountants have confirmed their eligibility and willingness to accept office, if appointment is ratified by the Members of the Company.

20. AUDIT OBSERVATIONS

Auditors' observations are suitably explained in notes to the Accounts and are self-explanatory.

21. COST AUDITORS

Pursuant to the provisions of Section 148(3) of the Companies Act, 2013 and applicable rules, the Board has appointed M/s. Bhavesh Marolia & Associates, as the Cost Auditors of the Company to conduct an audit of cost records maintained by the Company for the financial years 2019-20 and 2020-21 at a remuneration of ₹ 62,000/- and ₹ 70,000/- respectively, plus applicable taxes and out of pocket expenses. The remuneration payable to the Cost Auditors is subject to the approval of the Members at the ensuing Annual General Meeting.

22. INTERNAL AUDITORS

The Board appointed Earnst & Young LLP, Chartered Accountants, as Internal Auditors of the Company for the financial year 2019-20.

23. PARTICULARS OF EMPLOYEES REMUNERATION

Pursuant to the provisions of Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing details of personnel drawing remuneration in excess of the prescribed limit under the said rules, are annexed as **'Annexure C'** to the Directors' Report.

Directors' Report (Contd.)

During the year under review, the Company continued to focus on talent conservation and talent development.

24. EMPLOYEE STOCK OPTION SCHEME

Your Company has two Employee Stock Option Plans namely, Employees Stock Option Scheme 2010 and Employees Stock Option Scheme 2014 for granting Term based and performance based Stock Options to Employees.

During the year under report, no employee has been granted stock options, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of your Company.

The details of activities under the scheme have been summarised in the Notes forming part of Financial Statements and annexed as **Annexure D.**

25. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars required to be furnished under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are as under:

- **Foreign Exchange earnings and outgo:**

  The operations of the Company involve low energy consumption. The Company has ensured that adequate measures are being taken to conserve energy.

- **Technology Absorption, Adaptation and Innovation**

  The Company continues to use the latest technology for improving the productivity and quality of its products and services and also focuses on innovation and protecting consumers around the world with latest technology. With its continued focus on R&D, the company aims at releasing newer features as well as newer products in retail as well as enterprise/ government segment. During the year under review, the Company has initiated implementation of SAP. The implementation of SAP would provide thrust to the Company's operations by further streamlining the processes as well as bringing more linearity.

  The company has intensified its efforts on unique opportunities which the small and mid-size businesses are projecting with the digitisation of India. Developing products that will address the cyber threats to these businesses and protecting their valuable data is an important area where the Company is innovating. In coming years, more investment will go into R&D of several technologies targeted towards products for enterprise, government and retail segments of your Company.

- **Benefits derived from the R & D Activities:**

  Development of highly innovative product providing software security solutions and also fulfilling various added demands of consumers. The expenditure incurred in the same is detailed in the notes to Accounts annexed herewith.

26. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of Loans, Guarantees and Investments as on March 31, 2019, are given under Notes to the financial statements.

27. RELATED PARTY TRANSACTIONS

All the related party transactions carried out during the year were carried out at Arm's Length basis and in ordinary course of business. There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company.

All the transactions with related parties were approved by the Audit Committee and the Board of Directors. The particulars of contracts entered during the year are given in Form AOC-2 enclosed as **Annexure E.**

28. CORPORATE SOCIAL RESPONSIBILITY (CSR)

- Your Company has a strong social commitment towards the society we live in. The Board of Directors of your Company is conscious of their inherent responsibility towards continued contribution to the society at large. This idea inspires your Company to be a trustworthy partner in building our nation and an ethical business player with this inspiration, your Company had formed a public charitable trust 'Quick Heal Foundation'.
- Your Company selects one or more CSR activities as specified under Schedule VII of the Companies Act, 2013 for implementation in the area of its operation. The Company strives to promote cyber awareness and internet security and is dedicated towards promoting environment sustainability
- The Board of Directors of your Company has constituted a CSR Committee to help the Company to frame, monitor and execute the CSR activities of the Company under its CSR scope. The Committee defines the parameters and observes them for effective discharge of the social responsibility of your Company. The Directors have further approved the CSR Policy of the Company to provide a guideline for CSR activities of the Company.

Directors' Report (Contd.)

- During the year under review, the Company has spent ₹ 14,200,000/- on CSR activities, out of the total amount of ₹ 20,928,128/- as per provisions of the Section 135 of the Companies Act, 2013.
- Your Company was in the process of further identifying worthwhile avenues for CSR expenditure during the year and in its absence, there was unspent of ₹ 6,728,128/-. The Company continues to remain committed towards undertaking CSR activities for the welfare of the society.
- A Report on CSR activities of your Company under the provisions of the Companies Act, 2013 during the financial year 2018-19 is given as **Annexure 'F'.**

29. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Board of Directors of your Company are responsible for ensuring that the Internal Financial Controls ("IFC") are laid down in the Company and that such controls ae adequate and are operating efficiently and effectively. The Company's IFC policies are commensurate with its requirements and are operating effectively. The Internal Financial Controls covered the policies and procedures adopted by the Company for ensuring orderly and efficient conduct of business including adherence to the Company's policies, safeguarding of the assets of the Company, prevention and detection of fraud and errors, accuracy and completeness of accounting records and the timely preparation of reliable financial information.

30. VIGIL MECHANISM (WHISTLE BLOWER POLICY)

The Company has a well laid down Vigil Mechanism (Whistle Blower Policy), details of which are given in the Report on Corporate Governance forming a part of this Annual Report. The Company has also uploaded the said Whistle Blower Policy on its website at https://www.quickheal.co.in/documents/investors/policies/Whistle-Blower-Policy.pdf.

31. RISK MANAGEMENT POLICY

The Audit Committee also functions as the Risk Management Committee. The Company has put in place a robust Risk Management Policy which facilitates identification of risks and also mitigation thereof. The Audit Committee is updated on the risks on a quarterly basis. There are no risks which in the opinion of your directors threaten the existence of the Company. However, risks that may pose a concern, are explained under Management Discussion and Analysis which forms part of this Annual Report.

32. OTHER MATTERS

Your Directors state that during the financial year under review -

i. Neither the Managing Director nor the Whole-time Director of the Company received any remuneration or commission from any of its subsidiaries.

ii. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

33. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of Annual Report, as on March 31, 2019, in Form MGT - 9 is placed on the website of the Company i.e. https://www.quickheal.co.in/documents/investors.

34. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy. Internal Complaints Committee(s) (ICC) has been set up across all its locations in India to address complaints received regarding sexual harassment.

There were no complaints reported during the financial year 2018-19

35. MATERIAL CHANGES/EVENTS AFTER BALANCE SHEET DATE

There were no material changes and commitments affecting the financial position during the period since the end of the financial year till the date of this report.

36. ACKNOWLEDGMENTS

Your Board places on record the help and the support received from the from customers, vendors, investors, bankers, end users, dealers, distributors, business partners, regulatory bodies and other business constituents during the year under review. Further, Board places on record its appreciation for the co-operation received from the employees. We also wish to acknowledge the support received from various government and regulatory authorities.

For and on the behalf of the Board of Directors

Sd/-
Kailash Katkar
Managing Director & CEO
(DIN: 00397191)

Sd/-
Sanjay Katkar
Joint Managing Director & CTO
(DIN: 00397277)

Place: Pune
Date: May 10, 2019

Annexure A

FORM AOC-1 (PART-A)

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Sr. No.	Particulars	Quick Heal Technologies America Inc.	Quick Heal Technologies Japan KK.	Quick Heal Technologies Africa Limited.	Seqrite Technologies DMCC
1	Reporting Currency	USD	JPY	KES	AED
2	Exchange rate on the last date of relevant financial year	69.3220	0.62515	0.68304	18.8698
3	Date on which Subsidiary was acquired	2nd January 2012	2nd April 2012	2nd December 2011	13th November, 2016
4	Share Capital	7,88,000	23,00,00,000	11,36,75,000	3,00,000
5	Reserves and Surplus	(776,352)	(191,060,299)	(58,253,594)	(109,791)
6	Total Assets	104,866	42,765,015	61,135,594	319,839
7	Total Liabilities	93,218	3,825,314	57,14,187	129,630
8	Investments	-	-	-	-
9	Turnover	143,134	10,177,309	17,831,909	524,627
10	Profit before taxation	(9,496)	(25,547,388)	1,374,455	(31,622)
11	Provision for taxation	1,025	1,307,500	-	-
12	Profit after taxation	(9,496)	(26,854,888)	1,374,455	(31,622)
13	Proposed dividend	-	-	-	-
14	Extent of Shareholding	Wholly Owned	Wholly Owned	Wholly Owned	Wholly Owned

Note: Quick Heal Technologies (MENA) FZE got de-registered w.e.f February 28, 2018

Annexure B

FORM NO. MR-3

SECRETARIAL AUDIT REPORT
FOR THE PERIOD 01st April 2018 to 31st March 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
Quick Heal Technologies Limited
Pune

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Quick Heal Technologies Limited. (Hereinafter called "the Company").

Secretarial Audit was conducted for the period from 1st April 2018 to 31st March 2019, in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances of the Company and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2019 ("Audit Period"),complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and legal compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2019 according to the provisions of the following list of laws and regulations:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities And Exchange Board Of India (Share Based Employee Benefits) Regulations, 2014;

   (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **[Not applicable during the Audit Period]**

   (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **[Not applicable during the Audit Period]**

   (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) I further report that having regarded to the compliance system prevailing in the company and on examination of the relevant documents and records in pursuance thereof the company has complied with the following laws applicable specifically to the company:

   a) The Information Technology Act, 2000

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

Annexure B (Contd.)

(ii) The Listing Agreement entered into by the Company with National Stock Exchange of India Limited and Bombay Stock Exchange Limited and SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that:-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda are sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting Members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

During the year under report, the company has allotted 97,714 equity shares of ₹ 10 each under ESOP Scheme 2010 and 80,375 equity shares of ₹ 10 each under ESOP Scheme 2014 to eligible employees of the company.

For J B Bhave & Co.
Company Secretaries

Sd/-
Jayavant Bhave
Proprietor
FCS No. 4266
CP No. 3068

Place: Pune
Date: May 10, 2019

Annexure C

A. DETAILS OF THE REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

1. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2018-19, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19 and the comparison of remuneration of each Key Managerial Personnel (KMP) on CTC basis per annum, against the performance of the Company are as follows:

Sr. No	Name of Director / KMP & Designation	Remuneration of Director / KMP for the FY 2018-19 (₹ Million)	% Increase in Remuneration in the FY 2017-18	Ratio of Remuneration of each Director to the Median remuneration of Employees	Comparison of the remuneration of the KMP against the performance of the Company
1.	Kailash Katkar, Managing Director & CEO	14.88	15%	24.80	**The total income decreased by 1.1% whereas profit after tax increased by 10.6% during financial year 2018-19.**
2.	Sanjay Katkar, Jt. Managing Director & CTO	14.88	15%	24.80	
3.	Shailesh Lakhani Non-Executive Director	Nil	Nil	-	
4.	Mehul Savla Independent Director	0.54	(31.6%)	-	
5.	Pradeep V. Bhide * Independent Director	0.54	(37.2%)	-	
6.	Apurva Joshi Independent Director	0.54	116%	-	
7.	Manu Parpia Independent Director	0.54	Nil	-	
8.	Priti Rao Independent Director	0.54	Nil	-	
9.	Nitin Kulkarni # Chief Financial Officer	06.00	Nil	10	
10.	Raghav Mulay ϖ Company Secretary	1.10	10%	1.58	

* Ceased to be Director of the Company effective April 01, 2019.

Appointed as Chief Financial Officer effective May 10, 2018

ϖ Ceased to be Company Secretary effective January 16, 2019.

2. The median remuneration of employees of the company during financial year 2018-19 was ₹ 6,00,000/-

3. In the financial year 2018-19, there was an increase of 26.32% in the median remuneration of the employees as compared to that of 2017-18.

4. As on March 31, 2019 there were 1,016 permanent employees who were on rolls of the company.

5. Relationship between average salary increase in remuneration & company's performance: The Profit After Tax (PAT) for the financial year ended March 31, 2019 increased by 10.6% whereas the median remuneration increased by 26.32%

6. Comparison of remuneration of the Key Managerial Personnel(s) against the performance of the Company: The total remuneration of the Key Managerial Personnel(s) decreased by 27.08% from ₹ 49.04 Million in 2017-18 to ₹ 35.76 Million in 2018-19, whereas Profit After Tax increased by 10.6% from ₹ 830.05 Million in 2017-18 to ₹ 918.24 Million in 2018-19.

7. The average percentage increase in salaries of employees excluding Key Managerial Personnel(s) was 9.30% over the previous year. The average increase in salaries of Key Managerial Personnel(s) was 13.33%. The increase in KMP remuneration were based on the recommendations of the 'Nominations & Remuneration Committee' and subsequent approval by the Board of Directors to revise the remuneration as per the industry benchmark.

Annexure C (Contd.)

B. DETAILS OF THE EMPLOYEES WHO WERE EMPLOYED THROUGHOUT THE FINANCIAL YEAR AND RECEIVED A REMUNERATION OF ₹ 10.02 MILLION OR ABOVE PER ANNUM OR THE EMPLOYEES WHO WERE EMPLOYED FOR A PART OF THE FINANCIAL YEAR AND RECEIVED REMUNERATION OF ₹ 0.85 MILLION PER MONTH UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:

Name	Designation	Qualification	Age (Yrs.)	Joining Date	Experience (Yrs.)	Nature of Employment	*Total Remuneration (in ₹ Million)	Previous Employment	Relationship with any Director of the Company
Kailash Katkar	Managing Director & CEO	Matriculation	53	7th August 1995	32	Permanent	14.88	Promoter	Brother of Mr. Sanjay Katkar
Sanjay Katkar	Joint Managing Director & CTO	Master in Computer Science	49	7th August 1995	23	Permanent	14.88	Promoter	Brother of Mr. Kailash Katkar
Vijay Mhaskar#	Chief Operating Officer	Master in Computer Science	53	16th Sep 2016	33	Permanent	12.47	Avaya India Pvt. Ltd.	No

*Total Remuneration includes salary, allowances, bonus & perquisites.

Pursuant to Rule 5(2)(3) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, Mr. Vijay Mhaskar is not holding 2% or more of the equity shares of the Company.

Annexure D

ESOP DETAILS AS ON MARCH 31, 2019

Particulars	Details	
	ESOP 2010	ESOP 2014
Options granted	Total options granted until date: 16,62,800 Options granted during fiscal 2019: Nil Options granted during fiscal 2018: Nil Options granted during fiscal 2017: Nil Options granted during fiscal 2016: Nil Options granted during fiscal 2015: 122,000	Total options granted until date: 12,70,200 Options granted during fiscal 2019: 30,000 Options granted during fiscal 2018: 30,000 Options granted during fiscal 2017: 1,83,000 Options granted during fiscal 2016: 2,10,000 Options granted during fiscal 2015: 3,69,900
Pricing formula	discounted cash flow method	
Exercise price of options	₹ 37.50 to ₹ 110.00	₹ 110.00 to ₹ 294.33/-
Total number of options vested	14,66,722	4,53,245
Total number of options exercised	14,00,951	3,06,354
Total number of Equity Shares that would arise as a result of full exercise of options already granted	14,05,391	4,31,844
Options forfeited/lapsed/cancelled	2,27,030	2,44,856
Variation in terms of options	Nil	Nil
Options outstanding (in force)	4,440	7,04,015
Person wise details of options granted to		
(i) Directors and key management employees	Please see Note 1 below	Please see Note 2 below
(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil	Please see Note 3 below
(iii) Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	Nil	Nil
Fully diluted EPS on exercise of options calculated in accordance with the applicable Accounting Standards	₹ 11.89	
Difference between employee compensation cost using the fair value method and the employee compensation cost that shall have been recognised if our Company had used fair value of options and impact of this difference on profits and EPS of our Company	Nil Impact on EPS (basic): 0.03 Impact on EPS (diluted): 0.03	
Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Weighted average exercise price: ₹ 37.50	Weighted average exercise price: ₹ 215.04
	Weighted average fair value: 66.61	

Annexure D (Contd.)

Particulars	Details	
	ESOP 2010	ESOP 2014
Description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option	Our Company has adopted discounted cash flow method to estimate the fair value of the options with the following assumptions: i. Risk free interest rate: 6.62%; ii. Expected life: Grant IV:3.64 - 6.50 Grant V : 3.50 - 6.50 Grant VI: 3.50 - 6.50 Grant VII: 3.50 - 6.50 Grant VIII: 3.50 - 6.50 Grant IX: 3.50 - 6.50 Grant X : 3.64 - 6.64 Grant XI: 3.50 - 6.51 Grant XII: 3.76 - 6.76 Grant XIII: 3.50-6.51 Grant XIV: 3.50-6.51 Grant XV: 3.50-6.51 iii. Expected volatility: 27% iv. Expected dividends: 1.21% v. Price of underlying share in market at the time of Grant XII of option: ₹ 179.70	
Vesting schedule	Options are vested in four instalments based on performance of the employee.	
Lock-in	Nil	
Impact on liability for options outstanding of the last two years on fair value	Fiscal 2018-19: ₹ 7.25 Million Fiscal 2017-18: ₹ 6.03 Million	

Note 1: Details regarding options granted to our Directors and key management personnel are set forth below under ESOP 2010:

Name of director/ Key Management Personnel	Total No. of options granted	Total No. of options vested*	No. of options exercised	No. of options forfeited	Total No. of options outstanding*
NONE					

* Options are vested based on the performance of the employee

Note 2: Details regarding options granted to our Directors and key management personnel are set forth below under ESOP 2014:

Name of director/ Key Management Personnel	Total No. of options granted	Total No. of options vested*	No. of options exercised	No. of options forfeited	Total No. of options outstanding**
Nitin Kulkarni	100,000	Nil	Nil	Nil	100,000

** Options are vested based on the performance of the employee

Note 3: Employee who received a grant of options amounting to 5% or more of the options granted during the year 2018-19

Name of Employee	Total No. of options granted	Grant Price
Nagesh Ayyagari	75,000	185.60
Nitin Kulkarni	100,000	185.60
Vijay Mhaskar	100,000	185.60

Annexure E

FORM AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule (2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso is given below:

1. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS: NONE

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Nil
b)	Nature of contracts/arrangements/transaction	Nil
c)	Duration of the contracts/arrangements /transaction	Nil
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Nil
e)	Justification for entering into such contracts or arrangements or transactions	Nil
f)	Date of approval by the Board	Nil
g)	Amount paid as advances, if any	Nil
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	Nil

2. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS AT ARM'S LENGTH BASIS:

Contract 1

Sr. No.	Particulars	Details
a)	Name (s) of the related party	Kailash Sahebrao Katkar HUF
b)	Nature of Relationship	Mr. Kailash Katkar is Managing Director & CEO
c)	Nature of contracts / arrangements /transaction	Lease Deed
d)	Duration of the contracts/ arrangements / transaction	10 years
e)	Salient terms of the contracts or arrangements or transaction	Hiring of Property
f)	Justification for entering into such contracts or arrangements or transactions	Approval of shareholders obtained on June 11, 2014
g)	Contract value per year (₹ In Million)	0.96

Contract 2

Sr. No.	Particulars	Details
a)	Name (s) of the related party	Sanjay Sahebrao Katkar HUF
b)	Nature of Relationship	Mr. Sanjay Katkar is Joint Managing Director & CTO
c)	Nature of contracts / arrangements /transaction	Lease Deed/Leave & License
d)	Duration of the contracts/ arrangements / transaction	3 years
e)	Salient terms of the contracts or arrangements or transaction	Hiring of Property
f)	Justification for entering into such contracts or arrangements or transactions	Initial approval of shareholders obtained on June 11, 2014
g)	Contract value per year (₹ In Million)	0.96

Contract 3

Sr. No.	Particulars	Details
a)	Name (s) of the related party	Mr. Kailash Katkar
b)	Nature of Relation ship	Managing Director & CEO
c)	Nature of contracts / arrangements /transaction	Lease deed/ Leave & License
d)	Duration of the contracts/ arrangements / transaction	3 years
e)	Salient terms of the contracts or arrangements or transaction	Hiring of Property
f)	Justification for entering into such contracts or arrangements or transactions	Approval of shareholders obtained on 11th June 2014
g)	Contract value per year (₹ In Million)	0.96

Annexure F

CORPORATE SOCIAL RESPONSIBILITY

During the year under review, pursuant to the provisions of section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, Company had a properly constituted CSR Committee, details of which are provided herein below:

Sr. No.	Particulars	Details
1.	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken	The CSR Committee decided to spend amount as per Schedule VII activities of Companies Act, 2013.
2.	The Composition of the CSR Committee	Members of CSR Committee are: • Ms. Priti Rao, Chairperson • Mr. Sanjay Katkar, Member • Mr. Kailash Katkar, Member
3.	Average net profit of the company for last three financial years	₹ 1,046,406,422
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	₹ 20,928,128
5.	Details of CSR spent during the financial year 2018-19	
	a) Total amount spent for the financial year 2018-19	₹ 14,200,000
	b) Amount un-spent , if any	₹ 6,728,128

(c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Project or activity identified	Sector in which project is covered	Projects or programs a) Local area or other b) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) projects or programs wise	Amount spent on projects or programs 1. Direct on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent Direct or through implementing agency
1	Education, Social Activity & Administrative Overheads	Cyber Awareness, Environmental sustainability	Maharashtra	14,200,000	14,200,000	14,200,000	Through Quick Heal Foundation
Total				**14,200,000**	**14,200,000**	**14,200,000**	

Report on Corporate Governance

In accordance with Schedule V Clause C and other applicable clauses of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR, 2015"), the report containing the details of Corporate Governance systems and processes at Quick Heal Technologies Limited ("Quick Heal" or "Company")is as follows:

1. COMPANY'S PHILOSOPHY ON THE CODE OF CORPORATE GOVERNANCE:

Effective corporate governance practices constitute the strong foundation on which successful organisations are built to last. Quick Heal's governance framework is driven by the objective of enhancing long term stakeholder value without compromising on ethical standards and corporate social responsibilities. Efficient corporate governance requires a clear understanding of the respective roles of the Board of Directors ("Board") and of senior management and their relationships with others in the corporate structure. Sincerity, fairness, good citizenship and commitment to compliance are key characteristics that drive relationships of the Board and senior management with other stakeholders. Your Company is in compliance with the requirements stipulated under Regulation 17 to 27 (excluding Regulation 24 as there is no material or listed subsidiary) read with Schedule V of LODR 2015, as applicable, with regard to corporate governance.

2. BOARD OF DIRECTORS:

As on March 31, 2019, the Company has eight Directors. Of the eight Directors, six are Non-Executive Directors out of which five Directors are Independent Directors. The Board of Directors of the Company critically evaluate the Company's strategic direction, policies and their effectiveness. The actions of the Board are committed towards sustainably elevating the Company's value creation process. The Board of the Company strives to achieve higher standards and provide oversight and guidance to Management in strategy implementation, risk management and fulfillment of stated goals and objectives.

The Board has unrestricted access to all the Company related information. The senior executives who can provide additional insights and updates, are also invited at the meetings.

(i) Composition of Board

The Company's policy is to maintain optimum combination of Executive, Non-Executive and Independent Directors. The Board of Directors presently consists of eight Directors as detailed hereunder indicating their status as independent or otherwise against their respective names:

Executive Directors

Sr. No.	Name of the Director	Designation	Category
1.	Mr. Kailash Katkar	Managing Director & CEO	Promoter
2.	Mr. Sanjay Katkar	Joint Managing Director & CTO	Promoter

Non-Executive (Non-Independent) Directors

Sr. No.	Name of the Director	Designation	Category
1.	Mr. Shailesh Lakhani	Non-Executive Director	Non-Independent, Professional
2.	Mr. Abhijit Jorvekar*	Non-Executive Director	Non-Independent, Professional

* Mr. Abhijit Jorvekar resigned from the directorship w.e.f. May 23, 2018

Non-Executive Independent Directors

Sr. No.	Name of the Director	Designation	Category
1.	Mr. Pradeep Vasudeo Bhide ∞	Director	Independent Director
2.	Mr. Sunil Vikram Sethy*	Director	Independent Director
3.	Mr. Mehul Savla	Director	Independent Director
4.	Ms. Apurva Joshi	Director	Independent Director
5.	Ms. Priti Rao#	Director	Independent Director
6.	Mr. Manu Parpia##	Director	Independent Director

∞ Mr. Pradeep Vasudeo Bhide resigned w.e.f. April 01, 2019.

* Mr. Sunil Shetty resigned from the directorship w.e.f. May 22, 2018

Ms. Priti Rao appointed as a Director w.e.f. April 10, 2018

Mr. Manu Parpia appointed as a Director w.e.f. May 10, 2018

Report on Corporate Governance (Contd.)

Except Mr. Kailash Sahebrao Katkar, Managing Director & CEO and Mr. Sanjay Sahebrao Katkar, Managing Director & CTO, none of our Directors are related to each other.

(ii) Independent Directors

Your Company had, in it's Annual General Meeting (AGM) held on 24th September, 2015 appointed Mr. Pradeep Vasudeo Bhide, Mr. Mehul Savla & Ms. Apurva Pradeep Joshi and in Annual general Meeting (AGM) held on 08th August, 2018 appointed Ms. Priti Rao and Mr. Manu Parpia as Independent Directors pursuant to Sections 149, 152 and Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules issued thereunder and as per LODR, 2015. The tenure of all Five Independent Directors is five years.

The Company has received declarations as stipulated under Section 149(7) of the Companies Act, 2013 and as per the applicable clause(s) of LODR, 2015 from each Independent Directors confirming that they are not disqualified from being appointed /continuing as Independent Director. Your Company had also issued formal appointment letters to all the Independent Directors in the manner provided under the Companies Act, 2013 and LODR, 2015. The terms and conditions of the appointment of Independent Directors have been displayed on the website of the Company and can be accessed through the following link: https://www.quickheal.co.in/investors/company-policies.

(iii) Board Meetings

During the financial year 2018-19, 6 (Six) Board meetings were held, details are as under;

S.No.	Date of Meeting
1.	April 10, 2018
2.	May 10, 2018
3.	August 08, 2018
4.	November 12, 2018
5.	February 13, 2019
6.	March 05, 2019

The maximum time gap between any two meetings did not exceed prescribed period of one hundred twenty days.

(iv) Attendance of Directors, other Directorships and other details

Attendance of Directors at the Board Meetings, last Annual General Meeting and number of Directorships in Public Companies are given below:

Name of the Director	No of Board Meeting attended	Attendance at last AGM	No. of Directorships held in public companies (including this Company)#	Name of the Listed Companies and Designation	No. of Memberships (M)/ Chairpersonships (C) in board Committee(s) [including this Company]^
Mr. Kailash Katkar	06	Yes	01	Quick Heal Technologies Limited-Managing Director	0(C), 02(M)
Mr. Sanjay Katkar	06	Yes	01	Quick Heal Technologies Limited-Joint Managing Director	Nil

Report on Corporate Governance (Contd.)

Name of the Director	No of Board Meeting attended	Attendance at last AGM	No. of Directorships held in public companies (including this Company)#	Name of the Listed Companies and Designation	No. of Memberships (M)/ Chairpersonships (C) in board Committee(s) [including this Company]^
Mr. Shailesh Lakhani	03	Yes	01	Quick Heal Technologies Limited- Non-Executive Director	Nil
Mr. Pradeep Vasudeo Bhide	05	No	06	1. Quick Heal Technologies Limited- Independent Director 2. Glaxosmithkline Pharmaceauticals Limited- Independent Director 3. VST Industries Limited- Independent Director 4. Tube Investment of India Limited- Independent Director 5. L & T Finance Holdings Limited- Independent Director 6. Nocil Limited- Independent Director	03(C), 06(M)
Mr. Mehul Savla	04	Yes	01	Quick Heal Technologies Limited- Independent Director	01(C), 01(M)
Ms. Apurva Joshi	06	Yes	01	Quick Heal Technologies Limited- Independent Director	0(C), 01(M)
Mr. Manu Parpia	05	No	04	1. Quick Heal Technologies Limited- Independent Director 2. NESCO Limited- Independent Director	01(C), 03(M)
Ms. Priti Rao	05	Yes	02	1. Quick Heal Technologies Limited- Independent Director 2. Mastek Limited- Independent Director	0(C), 01(M)

Except Mr. Kailash Sahebrao Katkar, Managing Director & CEO and Mr. Sanjay Sahebrao Katkar, Managing Director & CTO, none of our Directors are related to each other.

No. of Directorships held in other public companies does not include Foreign Companies.

^ Only Covers Memberships/Chairpersonships of Audit Committee & Stakeholders Relationship Committee.

As on March 31, 2019, none of the Directors on the Board is a Director in more than 20 companies (including not more than 10 Public Limited Companies) as specified in Section 165 of the Companies Act, 2013. None of the Independent Director serves as an Independent Director in more than 7 Listed Companies and Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in LODR, 2015) across all the public companies in which he/she is a director.

Report on Corporate Governance (Contd.)

(v) Conduct of Board Meetings:

The Board meets at least once in a calendar quarter, inter alia, to approve the quarterly financial results, the strategic business plan and the annual budget. The annual calendar of Board Meetings is tentatively agreed upon at the beginning of each year. Additionally, Board Meetings are convened to transact special business, as and when necessary.

Agenda papers, containing all relevant information, are made available to the Board well in advance to enable the Board to discharge its responsibilities effectively and take informed decisions. Presentations are made to the Board by the Business and Functional Heads on operations as well as various aspects concerning the Company. The Directors also have independent access to the Senior Management at all times. The draft Minutes of the Meetings are circulated to the Directors for their comments and the final minutes are thereafter entered into the Minutes Book within 30 days of the conclusion of the Meetings.

There is also an effective post meeting follow-up, review and action taken reporting process for the action taken on decisions of the Board and Committees. The Minutes of the meetings of all the Committees and also the subsidiaries are placed before the Board for noting.

(vi) Familiarisation Programme for Board Members including Independent Directors

The Board Members are provided with the requisite documents/brochures, reports and internal policies to enable them to familiarise with Company's business, procedures and practices.

Periodic presentations are also made at the Board and Board Committee meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. The Key Managerial Personnel / Senior Managerial Personnel through periodic presentations familiarise the Independent Directors with the strategy, operations and functions of the Company and also appraise the Directors about their roles, rights and responsibilities in the Company to enable them to make effective contribution and discharge their functions as a Board Member.

The familiarisation programme for Independent Directors in terms of the provisions of LODR, 2015 is uploaded on the website of the Company and can be accessed through following link: https://www.quickheal.co.in/investors/company-policies.

(vii) Independent Directors' Meeting

In accordance with the provisions of Schedule IV (Code for Independent Directors) of the Companies Act, 2013 and as per applicable regulation of LODR, 2015, a meeting of the Independent Directors of the Company was held without the presence of Non-Independent Directors and representatives of the management.

(viii) Evaluation of Board Effectiveness

In terms of the provisions of the Companies Act, 2013 read with Rules issued thereunder and as per applicable Clauses of LODR, 2015, the Board of Directors have evaluated the effectiveness of the Board. Accordingly, the performance evaluation of the Board, each Director and the Committees was carried out for the financial year ended March 31, 2019, as per the policy of the Company. The evaluation of the Directors was based on various aspects, inter-alia, included the level of participation in the Board Meetings, understanding of their roles and responsibilities, business of the Company along with the environment and effectiveness of their contribution.The Board comprises of the qualified Members who bring in the required skill, competence and expertise that allows them to make effective contributions to the Board and its Committees. The Members were appointed considering their skill, competence and expertise in the areas of Leadership, Finance, Business, Technology and Human Resources

3. BOARD COMMITTEES

The Committees constituted by the Board play a very important role in the governance structure of the Company. The composition and the terms of reference of these Committees are approved by the Board and are in line with the requirement of the Companies Act, 2013 and as per applicable Clauses of LODR, 2015. During the financial year ended March 31, 2019, there were following 4 (Four) committees of the Directors viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee.

Report on Corporate Governance (Contd.)

(i) Audit Committee

Composition and Attendance:

The composition of the Audit Committee is in conformity with the provisions of Section 177 of the Companies Act, 2013 and as per applicable Clauses of LODR, 2015. 5(Five) meetings of the Committee were held during the financial year ended March 31, 2019.

During the year under review, the Audit Committee met on May 10, 2018, August 07, 2018, November 12, 2018, February 13, 2019 and March 05, 2019.

Names of Members of the Committee and their attendance at the Meetings are given below:

Name	Status	Number of Meetings Attended
Mr. Pradeep V. Bhide	Chairman	04
Mr. Kailash Katkar	Member	05
Ms. Apurva Joshi	Member	05
Mr. Manu Parpia	Member	04
Ms. Priti Rao	Member	04

The Chief Financial Officer regularly attends the Audit Committee Meetings and the Company Secretary acts as the Secretary to the Audit Committee.

Terms of Reference:

The "Terms of Reference" of the Audit Committee are in conformity with the provisions of Section 177 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 and as per applicable Clauses of LODR, 2015.

Whistle Blower Policy - Vigil Mechanism

The Company has formulated a Whistle Blower Policy ("WBP") in accordance with the requirements of Section 177(9) of the Companies Act, 2013 read together with Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 22 of the LODR, 2015.

The WBP provides for establishment of Vigil Mechanism for directors and employees to report genuine concerns or grievances. It encourages all employees, directors and business partners to report any suspected violations promptly and intends to investigate any bonafide reports of violations. It also specifies the procedures and reporting authority for reporting unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy or any other unethical or improper activity including financial irregularities, including fraud, or suspected fraud, wastage / misappropriation of Company's funds/assets etc.

The WBP also provides for adequate safeguards against victimisation of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee, in exceptional cases.

(ii) Nomination and Remuneration Committee:

Composition and attendance:

The Nomination and Remuneration Committee consists of three Directors, two being Independent and one Executive Director. During the financial year ended 31stMarch, 2019, 01(One) meeting of the Nomination and Remuneration Committee was held.

During the year under review, the Committee met on May 10, 2018.

Names of Members of the Committee and their attendance at the Meetings are given below:

Name	Status	Number of Meetings Attended
Mr. Mehul Savla	Chairman	1
Mr. Pradeep Vasudeo Bhide	Member	1
Mr. Kailash Katkar	Member	1

Terms of Reference:

The Terms of Reference of the Nomination and Remuneration Committee are in conformity with Section 178 of the Companies Act, 2013.

Report on Corporate Governance (Contd.)

Details of Remuneration paid to the Directors during the financial year ended March 31, 2019:

(a) Executive Directors

Sr. No.	Name of the Director	Gross salary (in ₹)	Commission/ Incentive (in ₹)	Contribution to PF (in ₹)	Total (in ₹)	Notice period
1.	*Mr. Kailash Katkar	1,19,48,220	26,88,200	Nil	1,48,81,008	6 (six) Months
2.	*Mr. Sanjay Katkar	1,19,48,220	26,88,200	Nil	1,48,81,008	6 (six) Months

* As per the Employment Agreement dated: 28th August, 2015, Mr. Kailash Katkar & Mr. Sanjay Katkar have been provided 1(one) Car each by the Company.

Particulars of sitting fee paid to the Non-Executive Directors during the financial year ended March 31, 2019 are as follows:

Sr. No.	Name of the Director	*Sitting fees paid(in ₹)
1.	Mr. Pradeep Vasudeo Bhide	2,50,000/-
2.	Mr. Manu Parpia	2,30,000/-
3.	Mr. Mehul Savla	2,00,000/-
4.	Ms. Apurva Joshi	3,00,000/-
5.	Mr. Abhijit Jorvekar	60,000/-
6.	Ms. Priti Rao	2,80,000/-

* mentioned sitting fees is exclusive of service tax.

There has been no material pecuniary relationship or transactions between the Company and Non-Executive Directors during the financial year 2018-19.

During the year under review, no convertible instruments have been issued to any of the Non-Executive Directors of the Company.

Stock Options granted to Directors

The Company had not granted Stock Options (ESOPs) to any Director during the Financial year 2018-19.

(iii) Stakeholders Relationship Committee:

The Terms of Reference of the Stakeholders Relationship Committee are in conformity with Section 178 of the Companies Act, 2013 and Clause 20 of the LODR, 2015.

The Stakeholders Relationship Committee consists of three Directors, of which two are Independent and one is Executive Director. The Stakeholders Relationship Committee is headed by Mr. Mehul Savla, Independent Director of the Company.

Names of Members of the Committee are given below:

Name	Status
Mr. Mehul Savla	Chairman
Mr. Pardeep Vasudeo Bhide*	Member
Mr. Kailash Katkar	Member
Ms. Apurva Joshi	Member

* Mr. Pardeep Vasudeo Bhide resigned from the Committee effective June 28, 2018

Pursuant to the LODR, 2015 and Listing Agreement with the Stock Exchanges, Mr. Raghav Mulay has been appointed as the Compliance Officer who monitors the share transfer process and liaises with the Authorities such as SEBI, Stock Exchanges, and Registrar of Companies etc. The Company complies with the various requirements of the LODR, 2015 &Listing Agreement and depositories with respect to transfer of shares and share certificates are sent to them within the prescribed time. Board in its meeting held on March 05, 2019 had appointed Mr. Vinav Agarwal as the Compliance Officer in place of Mr. Raghav Mulay who had resigned w.e.f. January 16, 2019.

The Committee looks into the grievances of the Shareholders related to transfer of shares, payment of dividend and non-receipt of annual report and recommends measure for expeditious and effective investor service etc.

The Company has duly appointed Share Transfer Agent (R&T Agent) for servicing the shareholders holding shares in physical or dematerialised form. All requests for dematerialisation of shares are likewise processed and confirmations thereof are communicated to the investors within the prescribed time.

During the year under review, no Investor complaints were pending.

Report on Corporate Governance (Contd.)

(iv) Corporate Social Responsibility Committee: Terms of Reference

Composition:

The CSR Committee consists of three Directors, out of which one is Independent and two are Executive Directors.

During the year under review, CSR Committee met on May 09, 2018 and October 29, 2018.

Names of Members of the Committee and their attendance at the Meetings are given below:

Sr. No	Name	Status	No. of Meetings Attended
1.	Ms. Priti Rao*	Chairperson	1
2.	Mr. Kailash Katkar	Member	2
3.	Mr. Sanjay Katkar	Member	2

* Ms. Priti Rao appointed as a Chairperson of the CSR Committee w.e.f. May 10, 2018.

Terms of Reference:

The Terms of Reference of the Corporate Social Responsibility Committee ("CSR Committee") are in conformity with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

4. GENERAL BODY MEETINGS

The details of last three Annual General Meetings are mentioned below:

Sr. No	Date of AGM	Venue
1.	August 08, 2018	Hotel Ramee Grand, Apte Road, Pune - 411015
2.	August 11, 2017	Hotel Ramee Grand, Apte Road, Pune - 411015
3.	August 05, 2016	Pandit Jawaharlal Nehru Sanskrutik Bhavan, 1187/21, Ghole Road, Opposite Mahatma Phule Meuseum, Shivajinagar, Pune - 411015

Sr. No.	Financial Year	Date	Day	Time	Number of Special resolution(s) Passed	Details of Special Resolution passed
1.	2017-18	August 08, 2018	Wednesday	11:00 AM	2(Two)	1. Appointment of Ms. Priti Rao as Independent Director 2. Appointment of Mr. Manu Parpia as Independent Director
2.	2016-17	August 11, 2017	Friday	11:00 AM	2(Two)	1. Increase in ESOP pool size under ESOP Scheme 2014 2. Authority to Board for allotment of increased options under ESOP Scheme 2014.
3.	2015-16	August 05, 2016	Friday	11:00 AM	4(Four)	1. Appointment of Ms. Anupama Katkar to office or place of profit. 2. Ratification and Remuneration of Cost Auditor. 3. Ratification of Employee Stock option Scheme 2010. 4. Ratification of Employee Stock option Scheme 2014.

During financial year ended March 31, 2019, none of the resolutions were passed by the Members through Postal ballot.

No resolution is proposed to be passed through postal ballots at the ensuing Annual General Meeting of the Company.

Report on Corporate Governance (Contd.)

5. DISCLOSURES:

(i) Disclosures on materially significant related party transactions that may have potential conflict with the interests of Company at large.

The Company has not entered into any transaction of material nature with the Promoters, the Directors or the Management or their relatives and its subsidiaries or that may have any potential conflict with the interests of the Company. Related Party transactions are disclosed in the notes to the Financial Statements.

(ii) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

No penalties or strictures have been imposed on the Company by the stock exchanges or SEBI or any other statutory authorities relating to the above.

(iii) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause

The Company has complied with all the mandatory requirements of LODR, 2015

(iv) Compliance with non-mandatory requirements (as on March 31, 2019)

The Company has adopted following non-mandatory requirements of LODR, 2015.

(1) Shareholders' Rights

The quarterly results are regularly posted on the website of the Company.

(2) Audit Qualifications

For the financial year under review, there were no audit qualifications in the Company's financial statements. The Company continues to adopt best accounting practices.

6. MEANS OF COMMUNICATION:

i)	Quarterly Results	The quarterly, half yearly and yearly financial results of the Company are regularly mailed /sent to the stock exchanges immediately after they are approved by the Board. They are also published in the Newspapers, in the prescribed format under the LODR.
ii)	Newspapers wherein results normally published	Financial Express and Dainik Janashakati/ Prabhat
iii)	Any website, where displayed	www.quickheal.com
iv)	Whether it also displays official news releases	The Company displays the Press Releases as and when released.
v)	The Presentations made to institutional investors or to the analysts	The Company holds Analysts' Conference Calls and meetings from time to time and Presentations made thereat are also sent to the Stock Exchanges as well as displayed on the website of the Company.
vi)	NSE Electronic Application Processing System (NEAPS)	The NEAPS is a web based application designed by NSE for corporate. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.
vii)	BSE Corporate Compliance & Listing Centre (the 'Listing Centre')	BSE's Listing Centre is a web based application designed for corporate. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on the Listing Centre.
viii)	SEBI Complaint Redressal System (SCORES)	The investor complaints are processed in a centralised web based complaint redressal system. The salient features of this system are: Centralised Data Base of all complaints, online upload of Action Taken Report (ATRs) by the concerned companies and online viewing by investors of action taken on the complaint and its current status.

Report on Corporate Governance (Contd.)

7. GENERAL SHAREHOLDERS' INFORMATION

7.1	**Annual General Meeting:**		
	-Tentative Date and Time	Monday, July 15, 2019 at 11.00 A.M.	
	-Tentative Venue	Hotel Ramee Grand, Apte Road, Pune - 411015	
7.2	**Financial Calendar 2019-20 (Tentative)**	Annual General Meeting - (Next Year)	September 2020
		Financial Reporting	
		Results for quarter ending June 30, 2019	or before 14th August, 2019
		Results for quarter ending Sep. 30, 2019	On or before 14th November, 2019
		Results for quarter ending Dec. 31, 2019	On or before 14th February, 2020
		Results for year ending Mar. 31, 2019 (Audited)	On or before 30th May, 2020
7.3	**Book Closure date:**	July 09, 2019 to July 15, 2019 (both days inclusive) for Annual General Meeting.	
7.4	**Dividend Payment date:**	On or before August 13, 2019.	
7.5	**Unclaimed Shares:**	None	

There are 'Nil' Share Certificates lying unclaimed with the Company as on date of this Report. In the event of unclaimed Share Certificate, the Company hereby undertakes to comply with the relevant regulations of LODR, 2015.

7.6	**(a) Listing of Equity Shares on Stock Exchanges :**	National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Plot No. C/1, G - Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
	The Company confirms that it has paid annual listing fees due to both the above stock exchanges.		
	(b) Listing of GDS on Stock Exchange	Not Applicable	
	(c) Debenture Trustee:	Not Applicable	

7.7	**Stock Code**	Trading Symbol - BSE Limited: 539678
	(Equity Shares)	Trading Symbol - National Stock Exchange of India : QUICKHEAL
	International Securities Identification Number (ISIN)	
	Equity Shares :	INE306L01010
	Correspondence Address:	Registered Office of the Company.

7.8	**Stock Market Price Data**	**National Stock Exchange of India Ltd.(NSE)**		**BSE Limited (BSE)**	
		Month's High Price (In ₹)	Month's Low Price (In ₹)	Month's High Price (In ₹)	Month's Low Price (In ₹)
	April, 2018	340.90	268.00	340.95	265.60
	May, 2018	354.80	297.35	354.15	297.25
	June, 2018	311.90	262.90	311.65	263.50
	July, 2018	287.00	243.00	286.90	244.20
	August, 2018	286.80	251.10	286.05	251.15
	September, 2018	283.75	205.00	287.00	205.65
	October, 2018	215.70	180.60	227.00	181.00
	November, 2018	228.30	193.25	228.25	193.40
	December, 2018	236.95	178.10	235.40	179.00
	January, 2019	217.95	183.75	215.95	181.00
	February, 2019	222.00	171.10	221.80	171.50
	March, 2019	240.00	215.00	239.90	215.00

7.9 **Registrar & Transfer Agents:** Link Intime India Private Limited, - C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083, Phone: 022- 4918 6200

Report on Corporate Governance (Contd.)

7.10	**Share Transfer System**	Share transfer requests for shares in physical form, if any, are registered within 10 - 15 days. In case of shares in electronic form, the transfers are processed by NSDL / CDSL through the respective Depository Participants.

7.11 Distribution of shareholding as at March 31, 2019:

By size of shareholding	Shareholders		Equity shares held	
Nominal Value(₹)	Number	Percentage (%)	Number	Percentage (%)
1 - 5000	48,264	93.98	37,90,251	4.84
5001 - 10000	1,663	3.24	13,31,469	1.89
10001 - 20000	683	1.33	10,53,077	1.49
20001 - 30000	224	0.44	5,75,707	0.82
30001 - 40000	113	0.22	4,05,883	0.58
40001 - 50000	90	0.18	4,26,697	0.60
50001 - 100000	160	0.31	11,79,274	1.67
100001 & Above	161	0.31	6,18,01,296	87.58
TOTAL	**51,358**	**100**	**7,05,63,654**	**100**

By category of shareholders	Equity Shares held	
	Number of Shares	Percentage (%)
Clearing Members	2,03,161	0.29
Other Bodies Corporate	17,21,067	2.44
Financial Institutions	80,562	0.04
Hindu Undivided Family	6,51,900	0.92
Nationalised Banks	26	0.00
Non Nationalised Banks	50,021	0.07
Foreign Nationals	1,000	0.00
Non Resident Indians	6,59,467	0.93
Non Resident (Non-Repatriable)	1,17,924	0.17
Public	1,04,60,903	14.82
Promoters	5,10,30,720	72.32
Trusts	200	0.00
Foreign Venture Capital	36,65,410	5.19
Foreign Portfolio Investors (Corporate)	1,74,034	2.53
NBFC	1,87,506	0.27
TOTAL	**7,05,63,654**	**100**

7.12	**Dematerialisation of shares**	7,05,63,653 Nos of Shares has been dematerialised as on 31st March, 2019 & 01 no. of Share was in Physical Form. Trading in equity shares of the Company is permitted only in dematerialised form.
7.13	**Outstanding GDRs/ADRs/ Warrants or any convertible instruments, conversion dates and likely impact on equity.**	**Nil**
7.14	**Plant locations**	Nil
7.15	**Investor Correspondence:** For transfer / dematerialisation of shares, payment of dividend on shares, query on Annual Report and any other query on the shares of the Company.	Link Intime India Private Limited Block No. 202, Second Floor, Akshay Complex, Off Dhole Patil Road, Pune - 411 001, Maharashtra, India Tel: +91 (20) 2616 1629/ 2616 0084; Fax: +91 (20) 2616 3503; email id: pune@linkintime.co.in; website: www.linkintime.co.in

Shareholders holding shares in electronic mode should address all their correspondence relating to change of address, bank mandate and status to their respective Depository Participants (DPs).

Important Communication to Members:

Members must be aware that Ministry of Corporate Affairs (MCA) has started a "Green Initiative in the Corporate Governance", whereby it has allowed paperless compliances by the Companies in the field of servicing of notice / documents, including Annual Report through emails. Members, who have not yet registered their email addresses, are requested once again to register their email addresses in respect of their shareholding in electronic mode with the Depository Participants, including any change in their email id. Members holding shares in physical mode are requested to register their email addresses with the Company / Link Intime India Private Limited, the Registrar & Transfer Agent.

Report on Corporate Governance (Contd.)

8. OTHER INFORMATION

(a) Risk Management Framework:

The Company has an appropriate mechanism in place to inform the Board Members about the risk assessment and minimisation procedures and periodical reviews to ensure that risk is controlled by the executive management through the means of a properly defined framework. The Risk Register is presented before the Board Members, every quarter.

(b) CEO and CFO Certification

The Managing Director & CEO and Chief Financial Officer (CFO) of the Company give annual certification on financial reporting and internal controls to the Board in terms of LODR, 2015. They also give quarterly certification on financial results while placing the financial results before the Board in terms of LODR, 2015

(c) Code of Conduct

The Company has laid down a code of conduct for all Board Members and senior management personnel of the Company. The code of conduct is available on the website of the Company. The declaration of the Chairman and Managing Director is given below:

9. OTHER MANDATORY DISCLOSURES AS PER LODR AMENDMENT REGULATIONS:-

a. Certificate from Practicing Company Secretary

The Company has obtained a certificate from M/s J.B. Bhave & Co., Company Secretaries in practice as required under Listing regulations, confirming that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

b. Details of total fees paid to statutory Auditors

The details of the total fees for all the services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, are as follows:

(₹ in Millions)

	Year ended March 31, 2019	Year ended March 31, 2018
As auditor:		
Audit fees	2.39	2.50
Limited review	2.40	3.00
In other capacity:		
Others (including certification fees)	0.35	0.24
Reimbursement of expenses	0.11	0.10
Total	**5.25**	**5.84**

c. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The details of the complaints filed, disposed of and pending during the financial year pertaining to sexual harassment is provided in the Directors' Report of this Annual report

General Disclosures

a. A summary of transactions with related parties in the ordinary course of business are periodically placed before the audit committee;

b. The mandatory disclosure of transactions with related parties in compliance with the applicable Accounting Standards are a part of this Annual Report;

c. The Policy on Related Party Transactions and for determining Material Subsidiaries is disclosed and available in web link of the company i.e. https://www.quickheal.co.in/investors/company-policies.

d. While preparing the annual accounts in respect of the financial year ended March 31, 2019, no accounting treatment was different from that prescribed in the Accounting Standards;

e. The Company does not have a material non-listed Indian subsidiary as defined under Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, the Company has unlisted subsidiary companies abroad. The minutes of the Board meetings of the subsidiary companies are placed at the Board meetings of the Company. Details of significant transactions and arrangements entered into by the subsidiary companies are noted by the Board. The Audit Committee of the Company reviews the financial statements of the subsidiary companies, including investments made by such subsidiaries. The Company has adopted a policy for determining material subsidiaries which is displayed on the Company's website https://www.quickheal.co.in/investors/company-policies.

f. The Company has a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and a Code of Conduct to Regulate, Monitor and Report Trading by its employees and other connected persons, in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

Mr. Vinav Agarwal, Assistant Company Secretary has been appointed as the Compliance Officer for the purpose of this Code.

Certificate on Compliance with the conditions of Corporate Governance as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

The Members of Quick Heal Technologies Limited

I have examined the compliance of conditions of corporate governance by Quick Heal Technologies Limited, ("the Company") for the year ended on March 31, 2019, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to Listing Agreement signed by the Company with stock exchanges.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For J B Bhave & Co.
Company Secretaries

Sd/-
Jayavant Bhave
Proprietor

FCS No. 4266
CP No. 3068

Place: Pune
Date: May 10, 2019

Compliance Certificate: Chief Executive Officer and Chief Financial Officer

A. We have reviewed financial statements and the cash flow statement for the period April 1, 2018 to March 31, 2019 and that to the best of our knowledge and belief:

1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period April 1, 2018 to March 31, 2019 which is fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit committee:

1) significant changes in internal control over financial reporting during the period April 1, 2018 to March 31, 2019;

2) significant changes in accounting policies during the period April 1, 2018 to March 31, 2019 and that the same have been disclosed in the notes to the financial statements; and

3) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-
Kailash Katkar
Chief Executive Officer

Sd/-
Nitin Kulkarni
Chief Financial Officer

Place: Pune
Date: May 10, 2019

Risk Management Report

OVERVIEW:

Quick Heal Technologies Ltd ("QUICK HEAL") (Formerly Known as Quick Heal Technologies Pvt. Ltd.) is one of the leading IT security solutions company. Each Quick Heal product is designed to simplify IT security management across the length and depth of devices and on multiple platforms. They are customised to suit consumers, small businesses, Government establishments and corporate houses.

A number of practices and forms are adopted by the Management while taking decisions and monitoring performance, including functional and business review, which addresses current performance and future direction and changes thereto, as well as addressing potential risks. As a part of strengthening and institutionalising the decision making process and monitoring the exposures that are faced by QUICK HEAL, a formalised Enterprise Risk Management System (ERM) is being implemented on an Enterprise-Wide-Scale.

Identifying and Managing Risk is a skill that is sought to be strengthened through this process and an effort at making decision making more consistent in a way that the business objectives are met most of the times. The ERM process seeks to provide greater confidence to the decision maker and thus enhance achievement of objectives.

As a part of the Corporate Governance requirements under the Companies Act, 2013 and also under the Listing Agreement of the Stock Exchanges, there is a requirement for Public Listed Companies to have Risk Management Policy in place.

QUICK HEAL is committed to ensuring:

- Sustainable business growth,
- Safeguard of all STAKEHOLDER interests
- Minimal surprises in performance due to internal and external business environment changes
- Adherence to applicable regulatory requirements and
- Help business leaders and management decide on the rationale for either of;
    - Taking the risk
    - Safeguards / insurance to taking that risk (i.e. sharing it with others or avoiding it altogether)
    - Costs of such safeguards vis-a-vis upside / downside of accepting risks
    - Periodic review of the afore-stated positions

The Risk Management Policy & Charter establishes a formal framework of Enterprise Risk Management in Quick Heal and is the basis for all ERM related activities in the organisation.

The Charter complements and does not replace other existing compliance programs, such as control processes, financial and operational audits, ISO, quality systems, internal and external reviews, etc. This charter is built on globally established principles of sound risk management.

OBJECTIVE OF RISK MANAGEMENT:

The Objective of Enterprise Risk Management is superior achievement of business goals through:

- improved and consistent decision making taken by all in the organisation and
- a culture of thinking about the downside and upside of decision making based on judgment and data

In the process regulatory requirements for a Risk Management System and Policy are also sought to be complied.

To realise the risk management objective, the Company aims to ensure that:

- The identification and management of risk is integrated in day to day management of the business
- Risks are identified, assessed in the context of the measurable scales of Consequence and Likelihood, continuously monitored and managed to an acceptable level,
- The escalation of risk information is timely, accurate and complete, to support decision making at all management levels.

RISK MANAGEMENT PROCESS:

RISK IDENTIFICATION AND REVIEWS:

Comprehensive risk identification using a well-structured systematic process is critical, because a potential risk not identified will be excluded from further analysis. Identification should include all risks whether or not they are under the control of the Company.

Each Risk Owner must monitor the risks faced by the function on a regular basis and more specifically on a quarterly basis assess the risks that they face as a group based on the defined objectives, internal and external context realities and the Stakeholder objectives. It will not be limited to a review of risks already identified but will include a review of the changes in the environment. This review should include identification for all significant areas. Workshops or brainstorming sessions may be conducted amongst the group to identify new risks that may have emerged over a period of time. This review will include a documented analysis of the reasons for all successes and failures vis-a-vis the Objectives in the daily working or projects undertaken and identifying the learning for the future.

Risk Management Report (Contd.)

RISK ASSESSMENT:

The risk will be assessed on qualitative two fold criteria. The two components of risk assessment are (a) the likelihood of occurrence of the risk event, and (b) the magnitude of impact if the risk event occurs. **The combination of likelihood of occurrence and magnitude of impact provides the risk level.**

The magnitude of the impact of an event, should it occur and the likelihood of the event and its associated consequences, are assessed in 2 stages -

1. Inherent Risk - Assessment before considering any action taken to mitigate the consequence or likelihood of risk.
2. Residual or Controlled Risk - Assessment in the context of the existing controls that mitigate the consequence or likelihood of Risk.

The impact and likelihood may be determined using statistical analysis and calculations. Alternatively, where no past data are available, subjective estimates may be made which reflect an employees, or group's degree of belief that a particular event or outcome will occur.

RISK EVALUATION:

Impact and Likelihood are combined to produce a level of risk. For each risk, the score for likelihood and impact should be multiplied to arrive at combined score. The risk is classified into four categories based on combined score (value) that are:

1. Extreme
2. High
3. Cautionary &
4. Acceptable

RISK TREATMENT/ACTION PLAN:

Risk Treatment involves identifying the range of options for treating risk, assessing those options, preparing risk management plans and implementing them. Treatment options may include:

- Accepting the risk level within the established criteria
- Transferring the risk to other parties e.g. insurance
- Avoiding the risk by hedging/adopting safer practices or policies and
- Reducing the likelihood of occurrence and/or consequences of risk event.

Action plans need to be time bound and responsibility driven to facilitate future status monitoring. Mitigating practices and controls shall include determining policies, procedure, practices and processes in place and additional resource allocation what will ensure that existing level of risks is brought down to an acceptable level. In many cases significant risk may still exist after mitigation of risk level through the risk treatment process. These residual risks need to be monitored.

ESCALATION OF RISKS:

It is critical to institute an effective system of escalation which ensures that specific issues are promptly communicated and followed up appropriately. Every employee of the Company has responsibility of identifying and escalating the risks to appropriate levels within the Company. This involves an assessment of controls to mitigate the risks. In case controls are not performing as designed or the proportion of deviation is high there is a need to reassess the Risk and also put in place a corrective program. The CRO and the Committee heads will determine whether the risk needs immediate escalation to next level or it can wait till subsequent periodic review.

All the risks are classified into the following categories while reporting:

1. Strategic
2. Compliance
3. Operational
4. Financial

Independent Auditor's Report

To the Members of Quick Heal Technologies Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Quick Heal Technologies Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31 2019, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2019, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Emphasis of Matter

We draw attention to Note 33(c) to the consolidated Ind AS financial statements wherein it is stated that the Company has received statements of demand of service tax under the provisions of the Finance Act, 1994 for INR 1,610.50 Million (excluding penalty of INR 626.97 Million, pre-deposit if any) for the period from March 01, 2011 to June 30, 2017. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Independent Auditor's Report (Contd.)

Key audit matters	How our audit addressed the key audit matter
Recognition and measurement of revenue in accordance with Ind AS 115 including timing, identification of separate performance obligation and valuation of trade receivables (refer note 11 and note 23 to the consolidated Ind AS financial statements)	
Revenue is recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Holding Company expects to be entitled in exchange for those goods or services. Given the nature of security software products sold by the Holding Company, the application of Ind AS 115 involves certain key judgements relating to identification of separate performance obligations, determination of basis and its appropriateness for allocation of transaction price to the identified performance obligations; and recognition of such identified performance obligations based on timing of satisfaction (i.e. over time or point in time). Additionally, the Holding Company uses a variety of shipment terms across its distributors and this has an impact on the timing of revenue recognition. Accordingly, ascertainment of timing of revenue recognition is a key audit consideration for sales transactions occurring near to the year end. Further, with respect to the trade receivables, the appropriateness of the provision for doubtful debts is subjective due to high degree of judgement applied by management in determining the impairment provision. Trade receivables as at March 31, 2019 amounts to INR 1,250.52 million and comprise 15% of total assets in the Balance Sheet. Due to the significance of revenue, judgments relating to identification of separate performance obligations, as well as the complexity associated with the timing and related estimation uncertainty in valuation of trade receivables, this is considered as a key audit matter.	Our audit procedures included: • We obtained and read customer contracts and confirmed our understanding of the Holding Company's sales process from initiation to collection of receivables, including design and implementation of controls and tested the operating effectiveness of these controls. • We read and understood the Holding Company's accounting policy for revenue recognition. • We confirmed our understanding of the nature of security software products sold by the Holding Company. • We read the customer agreements to test the terms and conditions for sale of such products including identification of performance obligations and allocation of the transaction price to such performance obligation based on appropriate method, as applicable. • We discussed with management the key assumptions underlying the Holding Company's assessment of cost related to identified performance obligations and tested mathematical accuracy of the underlying data used for computation and calculations made by the Holding Company. • We performed transactions testing based on a representative sampling of the sales orders to assess revenue recognition and recognition of trade receivables including transactions occurring on and around the year end. We performed sales cut off procedures by agreeing deliveries occurring around the year end to supporting documentation, including the terms of delivery. • We also performed various analytical procedures to identify any unusual sales trends and identify unusual items. • We tested aging of trade receivables for a sample of customer transactions. • We requested for and obtained independent balance confirmations from the Holding Company's customers on sample basis. • We tested subsequent receipts after the year-end to on sample basis. • We assessed the trade receivables impairment methodology applied in the current year, and compared the Holding Company's provisioning rates against historical collection data. We assessed whether the time value of money was considered in the expected credit loss impairment model and checked the mathematical accuracy of the calculations.

Independent Auditor’s Report (Contd.)

Other Information

The Holding Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Chairman’s statement, Managing Director’s statement and the Director’s Report including Annexures to the Director’s Report of the Annual Report of the Company, but does not include the consolidated Ind AS financial statements and our auditor’s report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charge with Governance for the consolidated Ind AS financial statements

The Holding Company’s Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 the 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor’s Responsibilities for the Audit of the consolidated Ind AS financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going

Independent Auditor's Report (Contd.)

concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of four subsidiaries, whose Ind AS financial statements include total assets of INR 81.74 Million as at March 31, 2019, and total revenues of INR 40.11 Million and net cash outflows INR 11.26 Million for the year ended on that date. These Ind AS financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the report of such other auditors.

Our above opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'Other Matter' paragraph we report, to the extent applicable, that:

(a) the other auditors whose report we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

Independent Auditor's Report (Contd.)

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) The matter described in Emphasis of matter paragraph above, in our opinion, may not have an adverse effect on the functioning of the Holding Company;

(f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act of its subsidiary companies, none of the directors of the Group's companies is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

(g) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, since none of the subsidiaries are incorporated in India, no separate report on internal financial reports over financial reporting of the Group is being issued;

(h) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Holding Company incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries as noted in the 'Other Matter' paragraph:

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position - Refer Note 33(b) to the consolidated Ind AS financial statements;

   ii. The Group did not have any did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2019;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2019.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Tridevlal Khandelwal
Partner
Membership Number: 501160

Place: Pune
Date: May 10, 2019

Consolidated Balance Sheet

as at March 31, 2019

(All amounts are in INR Millions, unless otherwise stated)

	Notes	As at March 31, 2019	As at March 31, 2018
Assets			
Non-current assets			
(a) Property, plant and equipment	5	1,570.04	1,611.97
(b) Capital work-in-progress		106.33	138.72
(c) Intangible assets	6	77.08	118.54
(d) Financial assets			
(i) Investments	7	296.23	175.75
(ii) Loans and security deposits	8	3.75	3.28
(iii) Other financial assets	9	4.04	2.92
(e) Deferred tax assets (net)	29	86.69	43.70
(f) Income tax assets (net)	14	45.54	33.90
(g) Other non-current assets	15	0.52	0.14
		2,190.22	2,128.92
Current assets			
(a) Inventories	10	53.94	56.24
(b) Financial assets			
(i) Investments	7	3,602.17	2,889.04
(ii) Trade receivables	11	1,250.52	1,030.88
(iii) Cash and cash equivalents	12	130.04	122.14
(iv) Bank balances other than (iii) above	13	1,218.96	1,507.24
(v) Loans and security deposits	8	7.09	8.72
(vi) Interest accrued	9	30.59	39.00
(c) Other current assets	15	44.74	24.96
		6,338.05	5,678.22
Total assets		8,528.27	7,807.14
Equity and liabilities			
Equity			
(a) Equity share capital	16	705.63	703.88
(b) Share application money pending allotment		0.17	-
(c) Other equity	17		
(i) Retained earnings		4,418.83	3,758.24
(ii) Securities premium		2,343.38	2,327.92
(iii) Amalgamation reserve		26.45	26.45
(iv) General reserve		450.26	450.26
(v) Other reserves		(47.13)	(28.08)
Total equity		7,897.59	7,238.67
Liabilities			
Non-current liabilities			
(a) Net employee defined benefit liabilities	21	18.37	21.04
(b) Other non-current liabilities	20	19.53	-
		37.90	21.04
Current liabilities			
(a) Financial liabilities			
(i) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	18	0.37	-
(b) Total outstanding dues creditors other than micro enterprises and small enterprises	18	387.39	327.06
(ii) Other financial liabilities	19	34.23	11.99
(b) Other current liabilities	20	135.87	132.60
(c) Net employee defined benefit liabilities	21	21.22	13.10
(d) Income tax liabilities (net)	22	13.70	62.68
		592.78	547.43
Total liabilities		630.68	568.47
Total equity and liabilities		8,528.27	7,807.14

Summary of significant accounting policies 3
The accompanying notes form an integral part of the financial statements.

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

For and on behalf of the Board of Directors of
Quick Heal Technologies Limited

per Tridevlal Khandelwal
Partner
Membership Number: 501160
Place: Pune
Date: May 10, 2019

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191
Place: Pune
Date: May 10, 2019

Sanjay Katkar
Joint Managing Director
& Chief Technical Officer
DIN: 00397277
Place: Pune
Date: May 10, 2019

Nitin Kulkarni
Chief Financial Officer
Place: Pune
Date: May 10, 2019

Srinivasa Rao Anasingaraju
Company Secretary
Regs. No. FCS-9901
Place: Pune
Date: May 10, 2019

Consolidated Statement of Profit & Loss

for the year ended March 31, 2019

(All amounts are in INR Millions, unless otherwise stated)

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Income			
Revenue from operations	23	3,149.26	3,183.15
Other income	24	326.67	300.02
Total income		**3,475.93**	**3,483.17**
Expenses			
Cost of materials consumed	25 (a)	30.56	11.84
Purchase of security software products	25 (b)	115.96	99.18
(Increase) / decrease in security software products	25 (c)	(19.40)	18.46
Employee benefits expense	26	988.51	1,023.00
Depreciation and amortisation expense	27	235.49	269.27
Other expenses	28	754.62	827.26
Total expenses		**2,105.74**	**2,249.01**
Profit before tax		**1,370.19**	**1,234.16**
Tax expense			
Current tax	29		
Pertaining to profit for the current year		447.25	364.42
Adjustments of tax relating to earlier periods		45.99	-
Deferred tax		(41.29)	39.69
Total tax expense		**451.95**	**404.11**
Profit for the year		**918.24**	**830.05**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement of defined benefit plans		(4.94)	11.26
Income tax effect		1.71	(3.91)
		(3.23)	7.35
Net (loss) or gain on FVTOCI assets		(29.52)	(37.13)
Income tax effect		-	-
		(29.52)	(37.13)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(32.75)**	**(29.78)**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		2.73	-
Income tax effect		-	-
		2.73	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		**2.73**	**-**
Total comprehensive income for the year		**888.22**	**800.27**
Earnings per equity share [nominal value per share INR 10 (March 31, 2018: INR 10)]	30		
Basic		13.03	11.82
Diluted		13.02	11.79

Summary of significant accounting policies 3

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

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

For and on behalf of the Board of Directors of
Quick Heal Technologies Limited

per Tridevlal Khandelwal
Partner
Membership Number: 501160
Place: Pune
Date: May 10, 2019

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191
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Nitin Kulkarni
Chief Financial Officer
Place: Pune
Date: May 10, 2019

Srinivasa Rao Anasingaraju
Company Secretary
Regs. No. FCS-9901
Place: Pune
Date: May 10, 2019

Consolidated Cash Flow Statement

for the year ended March 31, 2019

(All amounts are in INR Millions, unless otherwise stated)

	March 31, 2019	March 31, 2018
A. Cash flow from operating activities		
Profit before tax	1,370.19	1,234.16
Adjustment to reconcile profit before tax to net cash flows:		
Net (gain) / loss foreign exchange differences	1.26	(2.99)
Employee share based payments expense	10.68	7.25
Depreciation and amortization expense	235.49	269.27
Interest income	(110.05)	(101.28)
Provision for doubtful debts and advances	19.14	26.96
Bad debts / property, plant and equipment written off	4.09	3.92
Profit on sale of property, plant and equipment	(21.33)	(0.38)
Dividend income	(148.01)	(102.61)
Exchange difference on translation of foreign currency cash and cash equivalents	(1.97)	0.44
Net gain on sale of investment	(0.42)	(2.30)
Net (gain) / loss on FVTPL current investment	(16.53)	(5.13)
Operating profit before working capital changes	**1,342.54**	**1,327.31**
Movements in working capital:		
(Increase)/decrease in trade receivables	(241.40)	(86.94)
(Increase)/decrease in inventories	2.30	23.16
(Increase)/decrease in loans	1.19	(1.29)
(Increase)/decrease in other financial assets	(1.12)	(1.09)
(Increase)/decrease in other assets	(19.76)	15.21
Increase/(decrease) in net employee defined benefit liabilities	0.51	8.25
Increase/(decrease) in trade payables	60.70	(81.90)
Increase/(decrease) in other current liabilities	22.80	(3.65)
Cash generated from operations	**1,167.76**	**1,199.06**
Direct taxes paid (net of refunds)	(553.89)	(260.08)
Net cash flow from operating activities (A)	**613.87**	**938.98**
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress and capital advances)	(108.57)	(135.59)
Proceeds from sale of property, plant and equipment	31.83	1.16
Investments in non-current investments (other)	(150.00)	(146.23)
Purchase of current investments	(6,735.48)	(5,674.37)
Sale of current investments	6,039.30	4,543.58
(Increase)/decrease in bank balances other than cash and cash equivalents	288.28	(6.08)
Interest received	118.46	91.23
Dividends received	148.01	102.61
Net cash (used in) investing activities (B)	**(368.17)**	**(1,223.69)**

Consolidated Cash Flow Statement

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

	March 31, 2019	March 31, 2018
C. Cash flow from financing activities		
Dividend paid on equity shares	(211.19)	(175.27)
Tax on equity dividend paid	(43.03)	(35.72)
Proceeds from issuance of equity shares (including securities premium)	14.28	25.80
Share application money pending allotment	0.17	(0.06)
Net cash flow (used in) financing activities (C)	**(239.77)**	**(185.25)**
Net (decrease) in cash and cash equivalents (A+B+C)	**5.93**	**(469.96)**
Cash and cash equivalents at the beginning of the year	122.14	592.54
Effect of exchange differences on cash and cash equivalents held in foreign currency	1.97	(0.44)
Cash and cash equivalents at the end of the year	**130.04**	**122.14**
Components of cash and cash equivalents		
Cash on hand	0.35	0.48
Balances with banks		
On current account	94.29	116.13
On EEFC account	2.68	1.30
Unpaid dividend account	0.48	0.28
Deposits with original maturity of less than three months	28.37	-
Cheques on hand	3.87	3.95
Total cash and cash equivalents (refer note 12)	**130.04**	**122.14**

Summary of significant accounting policies 3

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

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

For and on behalf of the Board of Directors of
Quick Heal Technologies Limited

per Tridevlal Khandelwal
Partner
Membership Number: 501160
Place: Pune
Date: May 10, 2019

Kailash Katkar
Managing Director
& Chief Executive Officer
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Nitin Kulkarni
Chief Financial Officer
Place: Pune
Date: May 10, 2019

Srinivasa Rao Anasingaraju
Company Secretary
Regs. No. FCS-9901
Place: Pune
Date: May 10, 2019

Consolidated Statement of Changes in Equity

for the year ended March 31, 2019

(All amounts are in INR Millions, unless otherwise stated)

A. Equity share capital

Equity shares of INR 10 each issued, subscribed and fully paid-up	No.	Amount
As at April 1, 2017	**70,102,205**	**701.02**
- Employee stock option plan (ESOP)	285,978	2.86
As at March 31, 2018	**70,388,183**	**703.88**
- Employee stock option plan (ESOP) (refer note 16)	175,471	1.75
As at March 31, 2019	**70,563,654**	**705.63**

B. Share application money pending allotment

	As at March 31, 2019	As at March 31, 2018
Share application money pending allotment	0.17	-

C. Other equity

Other equity attributable to equity holders of the Company

	Securities premium	Employee stock options outstanding (ESOP)	Amalgamation reserve	General reserve	Retained earnings	Foreign currency translation reserve	Equity instruments through Other comprehensive income	Total
Balance as at April 1, 2017	**2,297.36**	**15.00**	**26.45**	**450.26**	**3,132.03**	**(6.55)**	**0.97**	**5,915.52**
Profit for the year	-	-	-	-	830.05	-	-	830.05
Other comprehensive income	-	-	-	-	7.35	-	(37.13)	(29.78)
Total comprehensive income	**-**	**-**	**-**	**-**	**837.40**	**-**	**(37.13)**	**800.27**
Expenses pertaining to share-based payments	-	7.25	-	-	-	-	-	7.25
Exercise of share options	30.56	(7.62)	-	-	-	-	-	22.94
Appropriations:								
Final equity dividend	-	-	-	-	(175.47)	-	-	(175.47)
Tax on final dividend	-	-	-	-	(35.72)	-	-	(35.72)
Balance as at March 31, 2018	**2,327.92**	**14.63**	**26.45**	**450.26**	**3,758.24**	**(6.55)**	**(36.16)**	**6,534.79**
Profit for the year	-	-	-	-	918.24	-		918.24
Other comprehensive income	-	-	-	-	(3.23)	2.73	(29.52)	(30.02)
Total comprehensive income	**-**	**-**	**-**	**-**	**915.01**	**2.73**	**(29.52)**	**888.22**

Consolidated Statement of Changes in Equity
for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

	Securities premium	Employee stock options outstanding (ESOP)	Amalgamation reserve	General reserve	Retained earnings	Foreign currency translation reserve	Equity instruments through Other comprehensive income	Total
Expenses pertaining to share-based payments		10.68	-	-	-	-		10.68
Exercise of share options	15.46	(2.93)	-	-	-	-		12.53
Appropriations:								
Final equity dividend	-	-	-	-	(211.39)	-		(211.39)
Tax on final dividend	-	-	-	-	(43.03)	-		(43.03)
Balance as at March 31, 2019	**2,343.38**	**22.38**	**26.45**	**450.26**	**4,418.83**	**(3.82)**	**(65.68)**	**7,191.79**

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

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

For and on behalf of the Board of Directors of
Quick Heal Technologies Limited

per Tridevlal Khandelwal
Partner
Membership Number: 501160
Place: Pune
Date: May 10, 2019

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191
Place: Pune
Date: May 10, 2019

Sanjay Katkar
Joint Managing Director
& Chief Technical Officer
DIN: 00397277
Place: Pune
Date: May 10, 2019

Nitin Kulkarni
Chief Financial Officer
Place: Pune
Date: May 10, 2019

Srinivasa Rao Anasingaraju
Company Secretary
Regs. No. FCS-9901
Place: Pune
Date: May 10, 2019

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in INR Millions, unless otherwise stated)

1. Corporate information

Quick Heal Technologies Limited ("the Company" / "Holding Company"), a public company domiciled in India, was incorporated on August 7, 1995 under the Companies Act, 1956. The CIN of the Company is L72200MH1995PLC091408. The Company's shares are listed on the BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE') w.e.f. February 18, 2016. The registered office of the Company is located at Marvel Edge, Office No.7010 C & D, 7th Floor, Viman Nagar, Pune 411014, Maharashtra, India.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (together referred to as "the Group").

The Group is engaged in the business of providing security software products. The Group caters to both domestic and international market.

The consolidated financial statements of the Group for the year ended March 31, 2019 were authorised for issue in accordance with a resolution of the Board of Directors on May 10, 2019.

2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets which have been measured at fair value. The consolidated financial statements are presented in INR millions; except when otherwise indicated.

Items	Measurement basis
Certain non-derivative financial instruments at fair value through profit and loss	Fair value
Equity-settled share based payment transactions	Fair value on the date of grant
Defined benefit plan assets	Fair value

3. Summary of significant accounting policies

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

a) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Holding Company, i.e., year ended on March 31.

In preparing the consolidated financial statements, the Group has used the following key consolidation procedures:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Holding Company with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the Holding Company's investment in each subsidiary and the Holding Company's portion of equity of each subsidiary.

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group. Profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full. However, intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 - Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

b) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle of the Group is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Group's normal operating cycle has been considered to be twelve months.

c) Foreign currencies

The Group's consolidated financial statements are presented in Indian Rupees, which is also the functional currency of the Holding Company. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

(i) Transaction and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other comprehensive income ('OCI') or statement of profit and loss are also recognised in OCI or statement of profit and loss, respectively).

(ii) Group companies

On consolidation, the assets and liabilities of the subsidiaries are translated into Indian Rupees at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at average exchange rates. Equity items, other than retained earnings, are translated at the spot rate in effect on each related transaction date (specific identification). Retained earnings are translated at the weighted average exchange rate for the relevant year.

The exchange differences arising on translation for consolidation are recognised in OCI.

d) Fair value measurement

The Group measures financial instruments such as investments in equity shares at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Significant accounting judgements, estimates and assumptions (Note 4)
- Quantitative disclosures of fair value measurement hierarchy (Note 42)
- Financial instruments risk management objectives and policies (Note 43)

e) Revenue recognition

Effective April 1, 2018, the Group adopted Ind AS 115 "Revenue from contracts with customers" under the modified retrospective approach without adjustment of comparatives. The standard is applied to contracts that were not completed as of April 1, 2018.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to be received in exchange for those products or services.

Sales tax, value added tax (VAT) and Goods and Services Tax (GST) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Accordingly, it is excluded from revenue. The following specific recognition criteria must also be met before revenue is recognized:

(i) Sale of security software products and devices

Revenue from the sale of security software products and devices (goods) is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

In arrangements for sale of security software, the Group has applied the guidance in Ind AS 115, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering sale of security software and related services as separately identifiable components. For allocating the consideration, the Group has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in Ind AS 115. The Group allocates and defers revenue for the undelivered items based on the fair value of the undelivered elements.

Contract balances:

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (q) Financial instruments - initial recognition and subsequent measurement.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(ii) Income from services

Revenues from support services are recognized over time as and when services are rendered. The Group collects Indirect Taxes on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

(iii) Revenue from software services:

The group has applied the principal under Ind AS 115 to identify each performance obligation on licenses sold to customer. Revenue for identified performance obligation is recognised over the period of time, when such performance obligation is rendered. In absence of standalone selling price of the performance obligation, the contract price are allocated to each performance obligation of the contract on the basis of cost plus margin approach.

f) Other income

(i) Interest

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate ('EIR') applicable. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included under the head "Other income" in the statement of profit and loss.

(ii) Dividends

Income from dividend on investments is accrued in the year in which it is declared, whereby the Group's right to receive is established. Dividend income is included under the head "finance income" in the statement of profit and loss.

g) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in OCI or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss;

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in OCI or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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 taxes relate to the same taxable entity and the same taxation authority.

h) Property, plant and equipment

Property, plant and equipment and capital work in progress are stated at cost net of accumulated depreciation and impairment losses, if any.

The cost comprises of the purchase price, and directly attributable costs 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. Each part of item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery.

Capital work in progress comprises of the cost of property, plant and equipment that are not yet ready for their intended use as at the balance sheet date.

Depreciation on property, plant and equipment is calculated on a written down value (WDV) basis using the rates arrived at based on the useful lives estimated by the management. The Group has used the following rates to provide depreciation on its property, plant and equipment.

Type of assets	Schedule II life (years)	Useful lives estimated by the management (years)	Rates (WDV)
Buildings	60	60	4.87%
Computers	3	3	21.90% - 63.16%
Electrical installations	10	10	25.89%
Furniture and fixtures	10	10-23	12% - 25.89%
Office equipment	5	5-15	14.20% - 45.07%
Server	6	6	39.30%
Vehicles	8	8	25% - 31.23%

Leasehold premises are amortized on a straight-line basis over the period of lease, i.e. 30 years.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

i) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the expenditure is recognised in the statement of profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives i.e. software 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 are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Group can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the asset;
- Its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of adequate resources to complete the development and to use or sell the asset;
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight-line basis over the period of expected future benefit from the related project, i.e., the estimated useful life. Amortization is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

j) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Where the Company within the Group is a lessee

A lease is classified at the inception date as a finance lease or an operating lease. Finance leases that transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying asset.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit and loss on a straight-line basis over the lease term except the case where the incremental lease reflects inflationary effect and lease expense is accounted in such case by actual rent for the period.

k) Inventories

Inventories are valued at the lower of cost and net realisable value.

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.

- Raw materials are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories is not written down below cost of the finished product in which they will be incorporated are expected to be sold at or above cost. Cost of raw material is determined on a weighted average basis.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

- Finished goods are valued at lower of cost and net realizable value. Cost includes direct material and labour and a proportion of manufacturing overhead based on normal operating capacity. Cost is determined on a weighted average basis.
- 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.

l) Impairment of non-financial assets

The Group 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 Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When 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 fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGU 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.

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised 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 recognised. 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 recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

m) Provisions

A provision is recognized when the Group 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.

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

n) 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 Group or a present obligation that is not recognized because it is not probable

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

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 Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

o) Retirement and other employee benefits

a) Short-term employee benefits

The distinction between short-term and long-term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short-term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, ex-gratia, performance pay etc. and are recognised in the period in which the employee renders the related service.

b) Post-employment benefits

In case of Holding Company:

(i) Defined contribution plan

The Company makes payment to provident fund scheme which is defined contribution plan. The contribution paid/payable under the schemes is recognised in the statement of profit and loss during the period in which the employee renders the related service. The Company has no further obligations under these schemes beyond its periodic contributions.

The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related services. If the contribution payable to the scheme for services received before balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then the excess recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or cash refund.

(ii) Defined benefit plan

The Company operates a defined benefit plan for its employees, viz. gratuity. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the balance sheet. The fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on a net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods.

Past service costs are recognised in statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

c) Other long term employment benefits:

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end. Actuarial gains/ losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the Balance sheet to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

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In case of Subsidiaries:

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme, National Social Security Fund (NSSF - Kenya) as an expenditure, when an employee renders the related services. If the contribution payable to the scheme for services received before balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contributions already paid exceeds the contribution due for services received before the balance sheet date, then the excess recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or cash refund.

There are no other long-term benefits payable to employees of any of the overseas subsidiaries.

p) Share based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment ("SBP") reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

q) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

(i) Initial recognition and measurement of financial assets

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

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and

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fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivable

The application of simplified approach does not require the group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that 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. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant

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increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as expense/ (income) in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. The Group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

a) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, loans and borrowings or payables as appropriate.

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

The Group's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

r) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with original maturity of three months or less, which are subject to an insignificant risk of changes in value. In the statement

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of cash flows, cash and cash equivalents consist of cash and short term deposits, as defined above, net of outstanding bank overdrafts as they are considered as integral part of the Group's cash management.

s) Cash dividend

The Group recognises a liability to make cash distributions to the equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the provisions of the Act, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

t) Earnings per share (EPS)

Basic EPS is calculated by dividing the Group's earnings for the year attributable to ordinary equity shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the year. The earnings considered in ascertaining the Group's EPS comprise the net profit after tax attributable to equity shareholders. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares) other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares. There were no instruments excluded from the calculation of diluted earnings per share for the periods presented because of an anti-dilutive impact.

u) Segment reporting

An operating segment is a component of a Group whose operating results are regularly reviewed by the Group's chief operating decision maker (CODM) to make decisions about resource allocation and assess its performance and for which discrete financial information is available. The Group has identified the Managing Director of the Holding Company as its CODM.

4. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, the management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Significant judgements is required to apply lease accounting rules under Appendix C to Ind AS 17 Determining whether an arrangement contains a lease. In assessing the applicability to arrangements entered into by the Group with its various sub-contractors regarding providing of certain services, the Group has exercised judgment to evaluate the right to use the underlying assets, substance of the transaction including legally enforced arrangements, and other significant terms and conditions of the arrangement to conclude whether the arrangements meets the criteria under Appendix C to Ind AS 17. Based on the evaluation, the Group has concluded that the arrangements do not meet the definition of lease as specified under Appendix C to Ind AS 17.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ('DCF') model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

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Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. For plans operated outside India, the management considers the interest rates of high quality corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in Note 31.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 41 for further disclosures.

4(a) Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. The Ministry of Corporate Affairs ('MCA') has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

i) Ind AS 116 - Leases

Ind AS 116 Leases was notified on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices there to. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

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Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Group intends to adopt these standards, if applicable, when they become effective. As the Group does not have any material leases, therefore the adoption of this standard is not likely to have a material impact in its financial statements.

ii) Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, for example, (a) how it prepares its income tax filings and supports tax treatments; or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination.

The interpretation is effective for annual reporting periods beginning on or after April 1, 2019, but certain transition reliefs are available. The Group will apply the interpretation from its effective date. The Group does not expect to have any material impact on its financial statements.

iii) Amendment to Ind AS 19 - Employee Benefits:

The amendments to Ind AS 19, Employee Benefits relate to effects of plan amendment, curtailment and settlement. When an entity determines the past service cost at the time of plan amendment or curtailment, it shall remeasure the amount of net defined benefit liability/asset using the current value of plan assets and current actuarial assumptions which should reflect the benefits offered under the plan and plan assets before and after the plan amendment, curtailment and settlement. These amendments are not expected to have any significant impact on the Group.

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5. Property, plant and equipment

	Freehold land (refer note 1)	Leasehold premises	Buildings (refer note 2)	Computers and server	Office equipment	Electrical installations	Furniture and fixtures	Vehicles	Total
Cost (Gross) (refer note 3)									
At April 1, 2017 (refer note 3)	26.63	22.48	1,494.10	340.29	178.17	93.43	227.46	17.65	2,400.21
Additions	-	-	-	56.14	1.26	1.73	7.24	-	66.37
Disposals/written-offs	-	-	-	1.03	0.83	-	0.34	2.14	4.34
At March 31, 2018	**26.63**	**22.48**	**1,494.10**	**395.40**	**178.60**	**95.16**	**234.36**	**15.51**	**2,462.24**
Additions	-	-	131.62	5.02	3.48	0.83	0.22	9.29	150.46
Disposals/written-offs	-	1.16	15.98	3.46	0.52	-	4.60	9.72	35.44
At March 31, 2019	**26.63**	**21.32**	**1,609.74**	**396.96**	**181.56**	**95.99**	**229.98**	**15.08**	**2,577.26**
Depreciation (Gross) (refer note 3)									
At April 1, 2017	-	6.03	186.96	140.90	116.49	44.30	111.52	11.78	617.98
Depreciation charge for the year	-	0.91	63.61	96.85	28.24	13.02	31.38	1.85	235.86
Disposals/written-offs	-	-	-	0.60	1.24	-	0.38	1.35	3.57
At March 31, 2018	**-**	**6.94**	**250.57**	**237.15**	**143.49**	**57.32**	**142.52**	**12.28**	**850.27**
Depreciation charge for the year	-	0.69	64.86	63.65	15.67	9.81	23.51	1.03	179.22
Disposals/written-offs	-	0.60	5.99	4.65	0.45	-	2.49	8.08	22.26
At March 31, 2019	**-**	**7.03**	**309.44**	**296.15**	**158.71**	**67.13**	**163.54**	**5.23**	**1,007.23**
Net block									
At March 31, 2018	**26.63**	**15.54**	**1,243.53**	**158.25**	**35.11**	**37.84**	**91.84**	**3.23**	**1,611.97**
At March 31, 2019	**26.63**	**14.29**	**1,300.30**	**100.81**	**22.85**	**28.86**	**66.44**	**9.85**	**1,570.04**

Note:-

1. The value of land has been estimated based on the stamp duty valuation rate.
2. Additions of building includes office building (including share in undivided portion of land) taken on long term lease i.e. 999 years.
3. The Company had elected to continue with the carrying value of property, plant and equipment as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed cost on the date of transition (i.e. April 1, 2015). The Company has disclosed the gross block and accumulated depreciation above, for information purpose only. The accumulated depreciation as at April 1, 2015 is INR 228.49.

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6. Intangible assets

	Software	Patent	Total
Cost (Gross) (refer note 1)			
At April 1, 2017	371.15	0.37	371.52
Purchase	86.56	-	86.56
Disposals	-	-	-
At March 31, 2018	**457.71**	**0.37**	**458.08**
Purchase	14.78	0.03	14.81
Disposals	-	-	-
At March 31, 2019	**472.49**	**0.40**	**472.89**
Amortisation (Gross) (refer note 1)			
At April 1, 2017	306.04	0.09	306.13
Amortisation for the year	33.36	0.05	33.41
Disposals			-
At March 31, 2018	**339.40**	**0.14**	**339.54**
Amortisation for the year	56.23	0.04	56.27
Disposals	-	-	-
At March 31, 2019	**395.63**	**0.18**	**395.81**
Net block			
At March 31, 2018	**118.31**	**0.23**	**118.54**
At March 31, 2019	**76.86**	**0.22**	**77.08**

1. The Company had elected to continue with the carrying value of intangible assets as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed cost on the date of transition (i.e. April 1, 2015). The Company has disclosed the gross block and accumulated amortisation above, for information purpose only. The accumulated amortisation as at April 1, 2015 is INR 174.39.

7. Investments in others

	As at March 31, 2019	As at March 31, 2018
Non - current investments		
Investment carried at amortised cost		
Investment in tax free bonds		
7.35% Indian Railway Finance Corporation Limited Bonds	33.54	34.49
7.39% National Highway Authority of India Bonds	24.84	-
	58.38	**34.49**
Investments at fair value through profit and loss		
Investments in mutual funds (quoted)		
Investments in mutual funds	237.85	111.74
	237.85	**111.74**
Investments at fair value through OCI		
Investment in other equity shares (unquoted)		
4,472 (March 31, 2018: 4,472) equity shares of INR 10 each fully paid-up in Smartalyse Technologies Private Limited	29.52	66.66
Less: Fair value changes routed through OCI	(29.52)	(37.14)
	-	**29.52**
Investment in preference shares (unquoted)		
15,162 (March 31, 2018: 15,162) Compulsory Convertible Preference Shares of INR 10 each fully paid-up in Wegilant Net Solutions Private Limited	-	3.55
Less: Fair value changes routed through OCI	-	(3.55)
	-	**-**
	-	**29.52**
Total non - current investments	**296.23**	**175.75**

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7. Investments in others (Contd.)

	As at March 31, 2019	As at March 31, 2018
Current investments		
Investments at fair value through profit and loss		
Investments in mutual funds (quoted)		
Investments in mutual funds	3,602.17	2,889.04
Total current investments	**3,602.17**	**2,889.04**
Total non-current investments	**296.23**	**175.75**
Total current investments	**3,602.17**	**2,889.04**
Aggregate book value of quoted investments	3,840.02	3,000.78
Aggregate market value of quoted investments	3,840.02	3,000.78
Aggregate value of unquoted investments	58.38	64.01
Investments carried at amortised cost	58.38	34.49
Investments carried at fair value through profit or loss	3,840.02	3,000.78
Investments carried at fair value through other comprehensive income	-	29.52

8. Loans and security deposits

	As at March 31, 2019	As at March 31, 2018
Loans and security deposits (unsecured, considered good) (at amortised cost)		
Current		
Security deposits	7.09	8.72
Total current	**7.09**	**8.72**
Loans and security deposits (unsecured, considered good) (at amortised cost)		
Non - current		
Security deposits	3.75	3.28
Total non - current	**3.75**	**3.28**

No loans are due from directors or other officers of the Group 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.

9. Other financial assets

	As at March 31, 2019	As at March 31, 2018
Current		
Interest accrued		
on bank balance	30.59	39.00
Total current	**30.59**	**39.00**
Non - current		
Bank balances		
Deposits with remaining maturity of more than twelve months	4.04	2.92
Total non - current	**4.04**	**2.92**
Other financial assets carried at amortised cost	34.63	41.92
Other financial assets carried at fair value through profit or loss	-	-
Other financial assets carried at fair value through other comprehensive income	-	-

Out of the total deposits, INR 4.04 (March 31, 2018: INR 2.92) are pledged against bank guarantees.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

10. Inventories

	As at March 31, 2019	As at March 31, 2018
At lower of cost and net realisable value		
Raw materials - Security software devices	8.63	8.71
Finished goods - Security softwares	45.31	47.56
Less: Provision for non-moving inventory	-	(0.03)
Total	**53.94**	**56.24**

11. Trade receivables

	As at March 31, 2019	As at March 31, 2018
Trade receivables	1,250.52	1,030.88
Total	**1,250.52**	**1,030.88**

Break-up for security details:

	As at March 31, 2019	As at March 31, 2018
Trade receivables		
Considered good - Secured	-	-
Considered good - Unsecured	1,232.09	1,030.88
Receivable which have significant increase in credit risk	19.69	-
Receivables - credit impaired	259.40	245.24
Total	**1,511.18**	**1,276.12**
Impairment allowed (allowed for bad and doubtful debts)		
Considered good - Unsecured	-	-
Receivable which have significant increase in credit risk*	(1.26)	
Receivables - credit impaired	(259.40)	(245.24)
	(260.66)	**(245.24)**
Total	**1,250.52**	**1,030.88**

* 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 Group 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.

12. Cash and cash equivalents

	As at March 31, 2019	As at March 31, 2018
Balances with banks:		
On current account	94.29	116.13
On EEFC account	2.68	1.30
Unpaid dividend account	0.48	0.28
Deposits with original maturity of less than three months	28.37	-
Cheques on hand	3.87	3.95
Cash on hand	0.35	0.48
Total	**130.04**	**122.14**

Notes Forming Part of Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

13. Other bank balances

	As at March 31, 2019	As at March 31, 2018
Bank balances		
Deposits with remaining maturity of less than twelve months	1,218.96	1,507.24
Total	**1,218.96**	**1,507.24**

Out of the total deposits, INR 0.97 (March 31, 2018: INR 2.24) are pledged against bank guarantees.

14. Non-current tax assets (net)

	As at March 31, 2019	As at March 31, 2018
Advance tax (net of provision for tax)	45.54	33.90
Total	**45.54**	**33.90**

15. Others assets

	As at March 31, 2019	As at March 31, 2018
Current (unsecured, considered good)		
Prepaid expenses	16.47	16.12
Balances with government authorities	1.95	1.43
Advance to suppliers	25.78	5.10
Advance to employees	0.20	0.56
Other assets	0.34	1.75
Total current	**44.74**	**24.96**
Non - current (unsecured, considered good)		
Interest accrued on income tax refund	0.09	0.09
Prepaid expenses	0.03	0.05
Non - current (unsecured, considered doubtful)		
Capital advances	3.40	3.00
Less: provision for doubtful capital advances	(3.00)	(3.00)
Advance to suppliers	6.38	6.38
Less: provision for doubtful advances	(6.38)	(6.38)
Total non - current	**0.52**	**0.14**
Total current	**44.74**	**24.96**
Total non - current	**0.52**	**0.14**

16. Equity share capital

	As at March 31, 2019	As at March 31, 2018
Authorized shares		
75,000,000 (March 31, 2018: 75,000,000) equity shares of INR 10 each	750.00	750.00
	750.00	**750.00**
Issued, subscribed and fully paid-up shares		
70,563,654 (March 31, 2018: 70,388,183) equity shares of INR 10 each	705.63	703.88
Total issued, subscribed and fully paid-up share capital	**705.63**	**703.88**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

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

	As at March 31, 2019		As at March 31, 2018	
	No.	INR	No.	INR
At the beginning of the year	70,388,183	703.88	70,102,205	701.02
Issued during the year				
- Employee stock option plan (ESOP)	175,471	1.75	285,978	2.86
Outstanding at the end of the year	**70,563,654**	**705.63**	**70,388,183**	**703.88**

(b) Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in ensuing Annual General Meeting.

The Board of Directors, in their meeting on May 10, 2018, proposed a final dividend of INR 3.00 per equity share and the same was approved by the shareholders at the Annual General Meeting held on August 8, 2018. The amount was recognized as distributions to equity shareholders during the year ended March 31, 2019 and the total appropriation was INR 254.42 including dividend distribution tax.

The Board of Directors, in their meeting on May 10, 2019, have proposed a final dividend of INR 2 per equity share for the financial year ended March 31, 2019. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held and if approved would result in a cash outflow of approximately INR 169.86 including dividend distribution tax.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.

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

None.

(d) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

	As at March 31, 2019	As at March 31, 2018
	Nos.	Nos.
Equity shares allotted as fully paid up bonus shares by utilisation of securities premium and surplus in statement of profit and loss during the financial year ended March 31, 2014	53,435,977	53,435,977

* Refer note on Amalgamation reserve in note 17.

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

	As at March 31, 2019		As at March 31, 2018	
	Nos.	% holding	Nos.	% holding
Equity shares of INR 10 each fully paid-up				
Kailash Katkar	20,511,384	29.07%	20,511,384	29.14%
Sanjay Katkar	20,511,384	29.07%	20,511,384	29.14%
Anupama Katkar	5,003,976	7.09%	5,003,976	7.11%
Chhaya Katkar	5,003,976	7.09%	5,003,976	7.11%
Sequoia Capital India Investment Holdings III	3,665,410	5.19%	3,665,410	5.21%

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

(f) Shares reserved for issue under option

For details of shares reserved for issue under ESOP of the Company, please refer note 32.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

(g) Buyback of shares

The Board of Directors of the Company at its meeting held on March 5, 2019 and the shareholders by way of postal ballot on April 13, 2019, approved the buy back of the Company's fully paid equity shares of the face value of INR 10 each from its shareholder/beneficial owners of equity shares of the Company including promoters and promoter group of the Company as on the record date, on a proportionate basis through the "tender offer" route at a price of INR 275 per share for an aggregate amount not exceeding INR 1,750. The Company had filed the draft letter of offer (DLoF) with Securities and Exchange Board of India (SEBI) on April 24, 2019. Further, the Company has received final SEBI observations on the DLoF, and shall be dispatching the Letter of Offer for the Buyback to the eligible shareholders appearing on the record date of April 26, 2019, on or before May 13, 2019.

17. Other equity

	As at March 31, 2019	As at March 31, 2018
(a) Retained earnings		
Balance as at the beginning of the year	3,758.24	3,132.04
Add: Amount transferred from surplus balance in the statement of profit and loss	915.01	837.40
Less: Appropriations		
Final equity dividend [amount per share INR 3 (March 31, 2018: INR 2.50)]	211.39	175.47
Tax on final dividend	43.03	35.72
Balance as at end of the year	**4,418.83**	**3,758.24**
(b) Securities premium		
Balance as at the beginning of the year	2,327.92	2,297.36
Add: Additions on ESOPs exercised	12.53	22.94
Add: Additions on fresh issue of equity shares	-	-
Add: Transferred from ESOP account	2.93	7.62
Balance as at end of the year	**2,343.38**	**2,327.92**
(c) Amalgamation reserve		
Balance as at the beginning of the year	26.45	26.45
Add: Additions during the year	-	-
Balance as at end of the year	**26.45**	**26.45**
(d) General reserve		
Balance as at the beginning of the year	450.26	450.26
Add: Amount transferred from surplus balance in the statement of profit and loss	-	-
Balance as at end of the year	**450.26**	**450.26**
(e) Other reserve		
(i) ESOP account		
Balance as at the beginning of the year	14.63	15.00
Add: Additions during the year	10.68	7.25
Less: Transfer to securities premium on exercise of stock options	(2.93)	(7.62)
Balance as at end of the year	**22.37**	**14.63**
(ii) FVTOCI reserve		
Balance as at the beginning of the year	(36.16)	0.97
Add: Additions during the year	(29.52)	(37.13)
Balance as at end of the year	**(65.68)**	**(36.16)**
(iii) Foreign currency translation reserve		
Balance as at the beginning of the year	(6.55)	(6.55)
Add: Additions during the year	2.73	-
Balance as at end of the year	**(3.82)**	**(6.55)**
Total (i+ii+iii)	**(47.13)**	**(28.08)**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

17. Other equity (Contd.)

Retained earnings

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

Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Amalgamation reserve

Pursuant to the scheme of amalgamation ("the Scheme") sanctioned by the Honourable High Court of Bombay vide Order dated April 8, 2011, Cat Labs Private Limited (CLPL), subsidiary of the Group, had been merged with the Group with effect from April 1, 2010, the Appointed Date. The Group completed the process of amalgamation on May 2, 2011 on filing of above Court Orders with the Registrar of Companies. Accordingly, an amount of INR 26.45 was recorded as amalgamation reserve.

General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Employee stock options outstanding account

The Group has two employee stock option schemes under which options to subscribe for the Holding Company's shares have been granted to certain executives and senior employees. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer note 32 for further details of these plans.

FVTOCI reserve

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

Distribution made and proposed	Year ended March 31, 2019	Year ended March 31, 2018
Cash dividends on equity shares declared and paid:		
Final cash dividend for the year ended on March 31, 2018: INR 3 per share (March 31, 2017: INR 2.50 per share)	211.39	175.47
Dividend distribution tax on proposed dividend	43.03	35.72
Proposed dividend on equity shares:		
Final cash dividend for the year ended on March 31, 2019: INR 2 per share (March 31, 2018: INR 3 per share)	141.13	211.16
Dividend distribution tax on proposed dividend	28.73	42.99

18. Trade payables

	As at March 31, 2019	As at March 31, 2018
Total outstanding dues to micro enterprises and small enterprises (refer note 34)	0.37	-
Total outstanding dues creditors other than micro enterprises and small enterprises*	387.39	327.06
Total	**387.76**	**327.06**

* Includes amount payable to independent directors (refer note 38)

Notes Forming Part of Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

19. Other current financial liabilities

	As at March 31, 2019	As at March 31, 2018
Other financial liabilities at amortised cost		
Payables for purchases of fixed assets	33.75	11.71
Unpaid dividend	0.48	0.28
Total	**34.23**	**11.99**

20. Other liabilities

	As at March 31, 2019	As at March 31, 2018
Current		
Deferred revenue (refer note 23)	21.60	17.80
Tax deducted at source payable	13.85	17.31
GST / Sales tax / VAT payable	87.19	90.96
Other liabilities (includes advances from customers, security deposit and provident fund and other taxes)	13.23	6.53
Total	**135.87**	**132.60**
Non - current		
Security deposit	19.53	-
Total	**19.53**	**-**
Total current	**135.87**	**132.60**
Total non - current	**19.53**	**-**

Terms and conditions of the above financial and other liabilities:

- Trade payables are non-interest bearing and have an average term of 60 days.
- Payables for purchases of fixed assets are non interest bearing and have an average term of 90 days.
- Other liabilities (other than taxes and deferred revenue) are non interest bearing and have an average term of 45 days.
- Taxes such as tax deducted at source and goods and service tax / vat payable, provident fund and other taxes are non interest bearing and are generally paid within the due date.

21. Net employee defined benefit liabilities

	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits		
Current		
Provision for gratuity (refer note 31)	13.10	6.50
Provision for leave benefits	8.12	6.60
Total	**21.22**	**13.10**
Non - current		
Provision for gratuity (refer note 31)	18.37	21.04
Total	**18.37**	**21.04**
Total current	**21.22**	**13.10**
Total non - current	**18.37**	**21.04**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

22. Current tax liabilities

	As at March 31, 2019	As at March 31, 2018
Current tax liabilities (net of advance tax)	13.70	62.68
Total	**13.70**	**62.68**

23. Revenue from operations (net)

	Year ended March 31, 2019	Year ended March 31, 2018
Sale of security software products	3,117.22	3169.05
Sale of software support service	32.04	14.10
Total	**3149.26**	**3183.15**

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers by geography and details of products and services sold. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

	Year ended March 31, 2019
Revenue by Geography	
From India	3,110.77
From outside India	38.49
Total	**3,149.26**
Revenue by type of products and services sold	
Security software product and licenses	3,117.22
Software support and services	32.04
Total	**3,149.26**

Changes in deferred revenue are as follows:

	Year ended March 31, 2019
Balance at the beginning of the year	17.80
Less: Revenue recognized during the year	4.12
Add: Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	7.92
Balance at the end of the year	**21.60**

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as of the end of the reporting period and an explanation as to when the group expects to recognize these amounts in revenue.

The aggregate value of performance obligations that are completely or partially unsatisfied as of March 31, 2019, is INR 21.60. Out of this, the Group expects to recognize revenue of around INR 21.60 within one to three years respectively, depending on the license period.

The impact on account of applying the erstwhile Ind AS 18 Revenue standard instead of Ind AS 115 Revenue from contract with customers on the financial statements of the group for the year ended March 31, 2019 is insignificant.

The Group has applied Ind AS 115 for the first time for the year ended March 31, 2019 and accordingly disclosures for 'Disaggregated revenue information has been furnished only for year ended March 31, 2019.

Notes Forming Part of Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

24. Other income

	Year ended March 31, 2019	Year ended March 31, 2018
Interest income on		
Bank deposits	106.50	100.55
Income tax refund	-	0.67
Others	3.55	0.06
Dividend income on current investments	148.01	102.61
Net gain on sale of current investments	0.42	2.30
Profit on sale of fixed assets (net)	21.33	0.38
Foreign exchange gains (net)	1.47	2.99
Fair value gain on financial instruments at fair value through profit and loss *	16.53	5.13
Service tax credit	-	65.96
Miscellaneous income	28.86	19.37
Total	**326.67**	**300.02**

* Fair value gain on financial instruments at fair value through profit and loss relates to mutual fund.

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

	Year ended March 31, 2019	Year ended March 31, 2018
(a) Cost of materials consumed		
Inventory at the beginning of the year	30.33	35.05
Add: Purchases	8.86	7.12
Less: Inventory at end of the year	8.63	30.33
Sub-total	**30.56**	**11.84**
(b) Purchase of security software products		
Security software products	115.96	99.18
Sub-total	**115.96**	**99.18**
(c) (Increase)/decrease in security software products		
Inventory at the beginning of the year	25.91	44.37
Less: Inventory at end of the year	45.31	25.91
Sub-total	**(19.40)**	**18.46**
Total	**127.12**	**129.48**

Details of raw materials consumed

	Year ended March 31, 2019	Year ended March 31, 2018
Security software devices - Unified Threat Management (UTM)	30.56	11.84
	30.56	**11.84**

Details of inventory

	As at March 31, 2019	As at March 31, 2018
Raw materials		
Security software devices - Unified Threat Management (UTM)	8.63	30.33
	8.63	**30.33**
Finished goods		
Security software products	45.31	25.91
	45.31	**25.91**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

26. Employee benefits expense

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus	913.38	940.67
Contribution to provident and other funds	26.55	30.96
Gratuity expenses (refer note 31)	15.70	19.78
Staff welfare expenses	22.20	24.34
Employee share based payment expenses (refer note 32)	10.68	7.25
Total	**988.51**	**1,023.00**

27. Depreciation and amortisation expense

	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation on property, plant and equipment (refer note 5)	179.22	235.86
Amortization of intangible assets (refer note 6)	56.27	33.41
Total	**235.49**	**269.27**

28. Other expenses

	Year ended March 31, 2019	Year ended March 31, 2018
Web publishing expenses	16.45	29.59
Technology subscription charges & fees for technical services	81.98	111.41
Power and fuel	38.73	39.26
Rent (refer note 33 (a))	14.93	21.69
Rates and taxes	12.88	13.03
Insurance	5.74	8.45
Repairs and maintenance		
Buildings	9.92	12.94
Others	20.26	18.52
Corporate Social Responsibility (CSR) expenditure (refer note 37)	14.20	10.83
Commission to independent directors (refer note 38)	2.70	2.60
Directors' sitting fees	1.32	0.90
Business promotion expenses	76.25	109.20
Advertisement and sales promotion	219.34	190.35
Freight and forwarding charges	7.93	8.31
Travelling and conveyance	31.15	28.97
Communication costs	57.74	50.74
Office expenses	35.68	46.05
Donations	0.10	-
Legal and professional fees	56.81	69.46
Payment to statutory auditor (refer details below)	5.25	5.84
Property, plant and equipment written off	2.68	-
Provision for doubtful debts and advances	19.14	26.96
Bad debts written off	1.41	3.92
Miscellaneous expenses	22.03	18.24
Total	**754.62**	**827.26**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

Payment to auditor (excluding service tax and Goods and service tax)

	Year ended March 31, 2019	Year ended March 31, 2018
As auditor:		
Audit fees	2.39	2.50
Limited review	2.40	3.00
In other capacity:		
Others (including certification fees)	0.35	0.24
Reimbursement of expenses	0.11	0.10
Total	**5.25**	**5.84**

29. Income tax

The major components of income tax expense for the years ended March 31, 2019 and March 31, 2018 are:

Statement of profit and loss section	**March 31, 2019**	**March 31, 2018**
Current income tax:		
Current income tax charge	447.25	364.42
Adjustment in respect of current tax of previous years	45.99	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(41.29)	39.69
Income tax expense reported in the statement of profit and loss	**451.95**	**404.11**
OCI Section		
Deferred tax related to items recognised in OCI during the year		
Net loss/(gain) on actuarial gains and losses	(1.71)	3.91
Net loss/(gain) on FVTOCI investments	-	-
Income tax charged to OCI	**(1.71)**	**3.91**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended

	March 31, 2019	March 31, 2018
Accounting profit before tax	1,370.19	1,234.16
At India's statutory income tax rate of 34.944% (March 31, 2018: 34.608%)	478.80	427.12
Adjustments of tax relating to earlier periods (Current and deferred)	21.69	-
CSR expenditure	2.48	1.87
Dividend income	(51.72)	(35.51)
Deferred tax on investment at different rates	-	(0.03)
Other non-deductible expenses	(4.21)	(1.51)
Enterprises tax at foreign subsidiaries	0.89	0.74
Deferred tax asset on losses and unrealised profits not recognised	4.02	11.43
At the effective income tax rate of 32.985% [March 31, 2018: 32.744%]	**451.95**	**404.11**
Income tax expense reported in the statement of profit and loss	**451.95**	**404.11**

Notes Forming Part of Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

29. Income tax (contd.)

Deferred tax relates to the following:

	Balance sheet		Statement of profit and loss	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Accelerated depreciation for tax purposes	(44.21)	(60.09)	(15.88)	24.41
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	37.22	17.40	(19.82)	13.09
Provision for doubtful debts and advances	94.06	87.22	(6.84)	(8.43)
Deferred revenue	7.55	6.15	(1.40)	13.81
Investment in mutual fund	(5.28)	(1.10)	4.18	(3.19)
Investment in Smartalyse Technologies Private Limited	-	(1.54)	(1.54)	-
Deferred tax on gratuity expense, recycled from profit and loss to other comprehensive income	(2.65)	(4.34)	-	-
Net deferred tax expense / (income)	**86.69**	**43.70**	**(41.29)**	**39.69**
Net deferred tax assets / (liabilities)	**86.69**	**43.70**	**-**	**-**

Reflected in the balance sheet as follows:

	March 31, 2019	March 31, 2018
Deferred tax liabilities	(52.14)	(67.07)
Deferred tax assets	138.83	110.77
Deferred tax assets, net	**86.69**	**43.70**

Reconciliation of deferred tax assets, net

	March 31, 2019	March 31, 2018
Opening balance as of April 1	43.70	87.30
Tax (income) during the period recognised in statement of profit and loss	(41.29)	39.69
Tax expense during the period recognised in OCI	(1.71)	3.91
Closing balance	**86.69**	**43.70**

The unused tax losses are incurred by the subsidiaries, which are not likely to generate taxable income in the foreseeable future. The losses can be carried forward for a period as per local laws applicable to the respective subsidiaries.

Unrecognised temporary difference

	March 31, 2019	March 31, 2018
Temporary difference relating to investment in subsidiaries for which deferred tax asset have not been recognised:		
- Undistributed losses (Note 1)	137.69	152.26
Deferred tax asset relating to above	48.18	52.69
- Unrealised profits on inventory (Note 2)	7.39	9.86
Deferred tax asset relating to above	2.59	2.26
Temporary difference relating to foreign exchange differences on translation of foreign operations for which deferred tax liability have not been recognised (Note 3)		
- Foreign currency translation difference	(3.83)	(6.55)
Deferred tax liability / (Asset) relating to above	(1.34)	(2.27)

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

Notes:

1. Subsidiaries of the group have undistributed losses, which will be available for deduction in the hands of the Holding Company on sale of the subsidiary. An assessable temporary difference exist, but no deferred tax asset has been recognised as it is not probable that the temporary difference will reverse in the foreseeable future.
2. An assessable temporary difference exist on unrealised profits on inventory, but no deferred tax asset has been recognised as it is not probable that taxable profit will be available with the subsidiaries against which the temporary difference can be utilised.
3. An assessable temporary difference exist on foreign exchange differences on translation of foreign operations, but no deferred tax liability has been recognised as it is not probable that the temporary difference will reverse in the foreseeable future.
4. The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.
5. During the year ended March 31, 2019 and March 31, 2018, the parent company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax ('DDT') to the taxation authorities. The group believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

30. Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on exercise of stock option.

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

		Year ended March 31, 2019	Year ended March 31, 2018
Net profit after tax attributable to equity shareholders of the Company	(A)	918.24	830.05
Weighted average number of equity shares in calculating basic EPS	(B)	70,497,783	70,226,215
Effect of dilution:			
Stock options granted under ESOP (in numbers)	(C)	43,014	1,75,830
Weighted average number of equity shares adjusted for the effect of dilution*	D=(B+C)	70,540,797	70,402,045
Basic earning per share of face value of INR 10 each (in INR)	**(A/B)**	**13.03**	**11.82**
Diluted earnings per share of face value of INR 10 each (in INR)	**(A/D)**	**13.02**	**11.79**

* There have been no transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of these financial statements.

31. Gratuity benefit plans

The Holding Company has a defined benefit gratuity plan (funded) for its employees. The Company's defined benefit gratuity plan is a final salary plan for its employees, which requires contributions to be made to a separately administered fund. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

31. Gratuity benefit plans (COntd.)

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and the amounts recognised in the balance sheet for the gratuity plan.

	Year ended March 31, 2019	Year ended March 31, 2018
Statement of profit and loss:		
Current service cost	14.21	16.22
Past service cost	-	1.95
Net interest (income) / expense	1.39	1.61
Net benefit expense recognised in the statement of profit and loss	**15.60**	**19.78**
Amount recorded in other comprehensive income:		
Measurement during the period due to:		
Actuarial gain / (loss) arising from change in financial assumptions on plan assets	0.13	(0.23)
Actuarial gain / (loss) arising on account of experience changes on plan assets	0.28	0.74
Actuarial gain / (loss) arising on account of experience changes on plan liabilities	(4.23)	5.31
Actuarial gain / (loss) arising on account of demographic changes on plan liabilities	0.71	1.92
Actuarial gain / (loss) arising on account of financial assumptions on plan liabilities	(1.83)	3.52
Total amount recognised in OCI	**(4.94)**	**11.26**

	As at March 31, 2019	As at March 31, 2018
Reconciliation of net (liability) / asset:		
Opening net defined benefit (liability) / asset	(27.54)	(27.73)
Expense charged to statement of profit and loss	(15.60)	(19.78)
Amount recognised in OCI	(4.94)	11.26
Contribution by employer	17.55	9.52
Mortality charges and taxes	(0.84)	(0.81)
Closing net defined benefit (liability)	**(31.37)**	**(27.54)**
Changes in the present value of the defined benefit obligation (DBO) are as follows:		
Opening DBO	(57.44)	(59.66)
Interest cost	(3.80)	(3.71)
Current service cost	(14.21)	(16.22)
Past service cost	-	(1.95)
Benefits paid	12.21	13.35
Remeasurement during the period due to:		
Actuarial gain / (loss) arising on account of experience changes on plan liabilities	(4.23)	5.31
Actuarial (loss) / gain arising from change in demographic assumptions	0.71	1.92
Actuarial gain / (loss) arising on account of experience changes	(1.83)	3.52
Closing defined benefit (obligation) / asset recognised in balance sheet	**(68.59)**	**(57.44)**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

31. Gratuity benefit plans (Contd.)

	As at March 31, 2019	As at March 31, 2018
Changes in the fair value of plan assets:		
Opening fair value of plan assets	29.90	31.93
Interest income	2.41	2.10
Contributions by employer	17.55	9.52
Mortality charges and taxes	(0.84)	(0.81)
Benefits paid	(12.21)	(13.35)
Actuarial gain / (loss) arising from change in financial assumptions on plan assets	0.13	(0.23)
Actuarial gain / (loss) arising on account of experience changes on plan assets	0.28	0.74
Closing fair value of plan assets	**37.22**	**29.90**
Actual return on plan assets	**2.83**	**2.61**
Net defined benefit liability		
DBO	(68.59)	(57.44)
Fair value of plan assets	37.22	29.90
Closing net defined benefit liability	**(31.37)**	**(27.54)**
Net liability is bifurcated as follows:		
Current*	**(13.00)**	**(6.50)**
Non - current	**(18.37)**	**(21.04)**

* The Company expects to contribute INR 13.00 (March 31, 2018: INR 6.50) to gratuity in the next year.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2019	As at March 31, 2018
(i) Government of India Securities	0.00%	0.00%
(ii) Corporate bonds	0.00%	0.00%
(iii) Special deposit scheme	0.00%	0.00%
(iv) Insurer managed funds	100.00%	100.00%
Total	**100.00%**	**100.00%**

The principal assumptions used in determining gratuity obligations for the Company are shown below:

	As at March 31, 2019	As at March 31, 2018
Discount rate	7.00%	7.40%
Employee turnover	22.00%	22.00%
Expected rate of increment in compensation levels		
- First two years	10.00%	10.00%
- Thereafter	8.00%	8.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been no change in expected rate of return on assets

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

31. Gratuity benefit plans (Contd.)

A quantitative sensitivity analysis for significant assumptions as at March 31, 2019 and March 31, 2018 is shown below:

	Sensitivity Level	Defined benefit obligation	
		As at March 31, 2019	As at March 31, 2018
Discount rate	1% decrease	71.63	59.95
	1% increase	65.90	55.22
Future salary increase	1% decrease	66.72	55.80
	1% increase	70.67	59.26
Withdrawal rate	1% decrease	68.71	57.54
	1% increase	68.58	57.44

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The followings are the expected future benefit payments for the defined benefit plan:

	As at March 31, 2019	As at March 31, 2018
Within the next 12 months (next annual reporting period)	10.91	9.40
Between 2 and 5 years	49.15	41.19
Beyond 5 years	63.90	56.32
Total expected payments	**123.96**	**106.91**

Weighted average duration of defined benefit plan obligation (based on discounted cash flows):

	As at March 31, 2019	As at March 31, 2018
Weighted average duration of defined benefit plan obligation	6.14 years	6.36 years

32. Share based arrangements

Share based payment arrangement 2010

On June 10, 2010, the Board of Directors approved the Equity Settled Share Based Payment Arrangement (SBPA), for issue of stock options to the employees and directors of the Company. According to the SBPA 2010, the employee selected by the Board of Directors from time to time will be entitled for scheme options, subject to satisfaction of the prescribed vesting conditions, viz., continued employment and performance parameters of employee. The contractual life (comprising the vesting period and the exercise period) of options and the other relevant terms of the grant are as below:

The Company has provided following share-based payment schemes to its employees:

Particulars	Details
Date of grant	June 10, 2010
Date of board approval	June 10, 2010
Date of shareholder's approval	June 10, 2010
Method of settlement	Equity
Vesting period	4 years
Exercise period	5 years from date of vesting
Expected life (in years)	
Grant I	5.85 - 7.35
Grant II	4.53 - 6.50
Grant III	3.95 - 6.50
Fair value of shares on date of grant	INR 37.50 - INR 115.24
Vesting conditions	Continued employment and performance of employee as per contract

Notes Forming Part of Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

32. Share based arrangements (contd.)

The vesting pattern of scheme is as follows:

Time period from the date of grant	Cumulative percentage of share vesting
12 months	25%
24 months	50%
36 months	75%
48 months	100%

The details of activities under the scheme have been summarized below:

	Year ended March 31, 2019		Year ended March 31, 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	100,661	55.96	287,117	69.89
Granted during the year	-	-	-	-
Forfeited during the year	1,125	110.00	22,162	100.32
Exercised during the year	95,096	56.33	164,294	74.52
Expired during the year	-	-	-	-
Outstanding at the end of the year	4,440	37.50	100,661	55.96
Exercisable at the end of the year	-	45.98	13,500	45.23

The details of exercise price for stock options outstanding at the end of the year are:

	As at March 31, 2019	As at March 31, 2018
Exercise price	37.50 - 110.00	37.50 - 110.00
Number of options outstanding (numbers)	4,440	100,661
Weighted average remaining contractual life of options (in years)	1.46	3.14
Weighted average exercise price	37.50	55.96

The weighted average share price at the date of exercise of these options, as at March 31, 2019 was INR 273.86

The weighted average share price at the date of exercise of these options, as at March 31, 2018 was INR 214.61.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

32. Share based arrangements (contd.)

Share based payment arrangement 2014

On February 6, 2014, the board of directors approved the Equity Settled ESOP Scheme 2014 ("ESOP Scheme 2014") for issue of stock options to the employees and directors of the Company. According to the ESOP Scheme 2014, the employee selected by the Board of Directors from time to time will be entitled for scheme options, subject to satisfaction of the prescribed vesting conditions, viz., continued employment and performance parameters of employee. The contractual life (comprising the vesting period and the exercise period) of options and the other relevant terms of the grant are as below:

The Company has provided following share-based payment schemes to its employees

Particulars	Details
Date of grant	February 6, 2014
Date of board approval	February 6, 2014
Date of shareholder's approval	February 6, 2014
Method of settlement	Equity
Vesting period	4 years
Exercise period	5 years from date of vesting
Expected life (in years)	
Grant IV	3.64 - 6.50
Grant V	3.50 - 6.50
Grant VI	3.50 - 6.50
Grant VII	3.50 - 6.50
Grant VIII	3.50 - 6.50
Grant IX	3.50 - 6.50
Grant X	3.64 - 6.64
Grant XI	3.50 - 6.51
Grant XII	3.76 - 6.76
Grant XIII	3.50 - 6.51
Grant XIV	3.50 - 6.51
Grant XV	3.50 - 6.51
Fair value of shares on date of grant	INR 115.24 - INR 294.33
Vesting conditions	Continued employment and performance of employee as per contract

The vesting pattern of scheme is as follows:

Time period from the date of grant	Cumulative percentage of share vesting
12 months	25%
24 months	50%
36 months	75%
48 months	100%

The details of activities under the scheme have been summarized below:

	Year ended March 31, 2019		Year ended March 31, 2018	
	Number of options	Weighted average exercise price (INR)	Number of options	Weighted average exercise price (INR)
Outstanding at the beginning of the year	396,365	175.95	566,547	152.64
Granted during the year	477,300	226.00	30,000	202.88
Forfeited during the year	80,563	184.84	78,498	118.09
Exercised during the year	81,875	111.14	121,684	111.38
Expired during the year	-	-	-	-
Outstanding at the end of the year	711,227	215.99	396,365	175.95
Exercisable at the end of the year	617,925	111.10	286,100	111.09

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

32. Share based arrangements (contd.)

The details of exercise price for stock options outstanding at the end of the year are:

	As at March 31, 2019	As at March 31, 2018
Exercise price (INR)	110.00 - 294.33	110.00 - 237.40
Number of options outstanding	711,227	396,365
Weighted average remaining contractual life of options (in years)	4.33	4.24
Weighted average exercise price (INR)	215.99	175.95

The weighted average share price at the date of exercise of these options, as at March 31, 2019 was INR 211.55

The weighted average share price at the date of exercise of these options, as at March 31, 2018 was INR 222.48

Manner in which the fair value of the stock option granted during the period was determined:

The weighted average fair value of stock options granted during the year was INR 66.61 (March 31, 2018: INR 65.26). The Black and Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	As at March 31, 2019	As at March 31, 2018
Weighted average share price (INR)	226.00	202.88
Exercise price (INR)	179.70	179.70
Expected volatility (%)	27%	27%
Historical volatility (%)	0%	0%
Life of the options granted (vesting and exercise period) (in years)	3.50 - 6.51 years	3.76 - 6.76 years
Average risk-free interest rate (%)	6.62%	6.62%
Dividend yield	1.21%	1.21%

The effect of share-based payment transactions on the entity's statement of profit and loss for the period and on its financial position:

	Year ended March 31, 2019	Year ended March 31, 2018
Expense arising from equity settled share based payment transaction	10.68	7.25

33. Commitments and contingencies

a. Operating lease - Company as a lessee

The Group has obtained office premises under operating lease agreements out of which there is a lease agreement for an office premise for 6 years with a lock-in period of 3 years. These are generally cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by lease agreements. There are no subleases. The details are as follows:

The lease rentals charged during the year is as under:

	Year ended March 31, 2019	Year ended March 31, 2018
Lease rentals recognised during the year	14.93	21.69

Future minimum rentals payable under non-cancellable operating lease:

	As at March 31, 2019	As at March 31, 2018
Within one year	3.37	1.05
After one year but not more than five years	6.42	-
More than five years	-	-
Total	**9.79**	**1.05**

Finance lease - Company as a lessee

The Group has finance leases contracts for building purchased during the financial year ended March 31, 2015. These leases involve upfront payment to the lessor as and by way of premium for grant of lease of the building by the lessor to the lessee. No lease rent was payable by the lessee to the lessor for grant of lease from lessee. There is no escalation clause and no minimum lease payments (MLP) under finance lease.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

b. Commitments

	As at March 31, 2019	As at March 31, 2018
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided, net of advances	4.00	2.18
Other commitments:		
Commitments in relation to purchases	7.82	2.42

c. Contingent liabilities

	As at March 31, 2019	As at March 31, 2018
Claims against the Company not acknowledged as debts		
Service tax [Note (i)]	1,610.50	1,223.07
Total	**1,610.50**	**1,223.07**

i) During the year ended March 31, 2019, the Company has received statement of demand dated March 13, 2019, in relation to service tax under the provisions of Finance Act, 1994 for INR 387.43 (excluding interest and penalties) covering the period from April 1, 2016 to June 30, 2017 on supply of anti-virus software in Compact Disk. The Company is in the process of filing the reply for the same.

During the earlier years, the Company had received statement of demands in relation to service tax under the provisions of Finance Act, 1994 for INR 1,223.07 (excluding penalty of INR 626.97 and predeposit, if any) covering the period from March 1, 2011 to March 31, 2016 on supply of anti-virus software in Compact Disk. The 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.

Based on technical circular issued by government authorities and an independent legal opinion, the Company is confident of getting this claim set aside and accordingly no provision including interest and penalty has been recognised in the financial statement and the demand has been disclosed as contingent liability.

ii) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated February 28, 2019. As a matter of caution, the company has made a provision on a prospective basis from the date of the SC order. The company will update its provision, on receiving further clarity on the subject.

d. Other litigations

i) In the year 2016, one of the erstwhile distributor of the Company had filed a suit before the Civil Judge (Senior Division) at Serampore Court, Hooghly District, West Bengal against the Company and others, claiming Intellectual Property Rights to one of the brand names (Quick Heal - Total Security) and alleging illegal usage of said brand name by the Company. The case was dismissed by the Court, however later on was restored. The Company believes that the suit is false, frivolous and will contest the suit on merit. The Trade Mark is registered in name of the Company and thus, the Company believes that it has sufficient grounds to counter the litigations and has strong arguments on facts as well as on point of law.

ii) In February 2016, one of the erstwhile distributor instituted a suit at High Court, Calcutta against the Company and others claiming INR 16,100 for various reasons including loss of business profits, loss of capital assets & infrastructure etc. With respect to the above matters, the Company believes that the suit is frivolous and defending to seek the leave of the court for its dismissal. The Company also believes that they have sufficient grounds based on the facts as well as on point of law. Accordingly no provision in this regard has been recognised in the financial statements.

iii) One of the erstwhile vendor had filed a First information Report (FIR) in May 2016 at Uttarpara Police Station, West Bengal, against certain directors of the Company, their wives and other associates alleging embezzlement of his investment and misappropriation of shares. The police had filed the chargesheet. The Company, its directors and others had filed quashing applications before Hon'ble Calcutta High Court and obtained stay on proceedings before trial Court. The Company also believes that police have not conducted proper investigation and have not collected nor considered relevant records, documents, statements of witnesses and thus have sufficient and strong arguments on facts as well as on point of law.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

34. Details of dues to micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)

	Year ended March 31, 2019	Year ended March 31, 2018
Total outstanding dues of micro and small enterprises	0.37	-
Details of dues to micro and small enterprises as defined under the MSMED Act, 2006 are as under:		
Principal amount due to suppliers under MSMED Act, 2006	0.37	-
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest paid to suppliers under MSMED Act, 2006 (other than section 16)	-	-
Interest paid to suppliers under MSMED Act, 2006 (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, 2006 for the payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	-	-

The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.

35. Utilization of money raised through public issue

During the year ended March 31, 2016, the Company has raised INR 4,512.53 through public issue, specifically to meet the following objects of the Offer. The utilisation of IPO proceeds during the year ended March 31, 2019 and March 31, 2018 against the following objects of the Offer is as follows:

	Fund allocated to the activities as per prospectus	Actual utilisation up to March 31, 2019	Unutilised money as on March 31, 2019	Actual utilisation up to March 31, 2018	Unutilised money as on March 31, 2018
Advertising and sales promotion	1,110.00	496.52	613.48	319.30	790.70
Capital expenditure on research and development	418.80	391.69	27.11	308.94	109.86
Purchase, development and renovation of office premises in Kolkata, Pune and New Delhi	275.95	188.72	87.23	188.72	87.23
General corporate purposes	537.76	285.64	252.12	133.53	404.23
Total	**2,342.51**	**1,362.57**	**979.94**	**950.49**	**1,392.02**

36. Details of investments made from unutilized portion of public issue raised during the year ended:

	As at March 31, 2019	As at March 31, 2018
Investments in fixed deposits of banks	993.00	1,405.00
Balance in current accounts	0.79	0.87
Total *	**993.79**	**1,405.87**

As per the objects of the offer stated in the prospectus the Total Net Proceeds received by Company by way of IPO should be deployed during the fiscal years 2016, 2017, 2018 and 2019.

However, if the funds are not utilized within prescribed period for reasons mentioned in prospectus, then such unutilized funds can be utilized in fiscal year 2020 or any subsequent period as may be determined by the company.

Based on the above, the Board of Directors of Company in the board meeting dated February 13, 2019 have decided to extend the utilization of Net Proceeds to the subsequent fiscal years upto March 31, 2021.

* includes in March 31, 2019: INR 13.85 (March 31, 2018: INR 13.85) spent by the Company from bank accounts other than the IPO account.

37. Corporate Social Responsibility expenditure

	Year ended March 31, 2019	Year ended March 31, 2018
(a) Gross amount required to be spent by the Company during the year	20.93	17.97

(b) Amount spent during the year	Year ended March 31, 2019			Year ended March 31, 2018		
	Paid	Yet to be paid	Total	Paid	Yet to be paid	Total
1. For the purpose of education and social activity	14.20	-	14.20	10.83	-	10.83

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

38. Related party transaction

List of related parties as per the requirements of Ind-AS 24 - Related Party Disclosures

Related parties with whom transactions have taken place during the year	
Key management personnel	Kailash Katkar, Managing Director, Chief Executive Officer and ultimate holding shareholder
	Sanjay Katkar, Joint Managing Director, Chief Technical Officer and ultimate holding shareholder
	Vijay Mhaskar, Chief Operating Officer
	Nitin Kulkarni, Chief Financial Officer (w.e.f. May 10, 2018)
	Srinivasa Rao Anasingaraju (w.e.f. May 10, 2019)
	Rajesh Ghonasgi, Chief Financial Officer (upto February 28, 2018)
	Raghav Mulay, Company Secretary (upto January 16, 2019)
	Vijay Shirode, Company Secretary (upto June 30, 2017)
	Mehul Savla, Independent Director
	Apurva Joshi, Independent Director
	Pradeep Bhide, Independent Director (upto April 01, 2019)
	Sunil Sethy, Independent Director (upto April 24, 2018)
	Priti Rao, Independent Director (w.e.f. April 10, 2018)
	Shailesh Lakhani, Non-Executive Director
	Manu Parpia, Independent Director (w.e.f May 10, 2018)
	Abhijit Jorvekar, Executive Director and Vice President Sales and Marketing (upto October 12, 2017)
	Farokh Karani (upto February 28, 2017)
	Ken Amedo (upto Janaury 18, 2019)
Relatives of key management personnel	Anupama Katkar (wife of Kailash Katkar and ultimate holding shareholder)
	Chhaya Katkar (wife of Sanjay Katkar and ultimate holding shareholder)
	Sneha Katkar (daughter of Kailash Katkar and ultimate holding shareholder)
Enterprises owned by directors or major shareholders	Kailash Sahebrao Katkar HUF
	Sanjay Sahebrao Katkar HUF
	Quick Heal Foundation

Transactions with related parties and year end balances:

Nature of transaction	Name of the related party	Year ended March 31, 2019	Year ended March 31, 2018
Compensation paid to Key Management Personnel	Kailash Katkar	13.60	12.49
	Sanjay Katkar	13.69	12.49
	Vijay Mhaskar	11.18	9.90
	Nitin Kulkarni	4.67	-
	Abhijit Jorvekar	-	4.40
	Anupama Katkar	4.06	3.53
	Rajesh Ghonasgi	-	14.37
	Raghav Mulay	0.85	0.88
	Vijay Shirode	-	0.34
	Sneha Katkar	0.65	0.19
	Farokh Karani	-	1.93
	Ken Amedo	5.72	5.99
Sub-total		**54.42**	**66.51**

Notes Forming Part of Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

38. Related party transaction (contd.)

Nature of transaction	Name of the related party	Year ended March 31, 2019	Year ended March 31, 2018
Directors' sitting fee	Pradeep Bhide	0.25	0.28
	Sunil Sethy	-	0.21
	Mehul Savla	0.20	0.15
	Apurva Joshi	0.30	0.20
	Manu Parpia	0.23	-
	Priti Rao	0.28	-
	Abhijit Jorvekar	0.06	0.06
Sub-total		**1.32**	**0.90**
Commission to independent directors	Pradeep Bhide	0.54	0.86
	Sunil Sethy	-	0.60
	Mehul Savla	0.54	0.79
	Apurva Joshi	0.54	0.25
	Manu Parpia	0.54	-
	Priti Rao	0.54	-
	Abhijit Jorvekar	-	0.10
Sub-total		**2.70**	**2.60**
Reimbursement of expenses	Ken Amedo	-	**0.36**
Sub-total		-	**0.36**
Total		**58.44**	**70.37**

Compensation of key managerial personal of the Company

	Year ended March 31, 2019	Year ended March 31, 2018
Short-term employee benefits (compensation)	54.42	66.51
Post - employment gratuity benefits	4.28	0.65
Leave benefits	0.20	0.14
Share-based payment transactions	-	0.31
Total compensation to key management personnel	**58.90**	**67.61**

* The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel. The remuneration and perquisites on account of ESOP to key management personnel does not include employee stock compensation expense. The non-executive and independent directors do not receive gratuity entitlements from the Group.

Share options held by executive members of the Board of Directors under the Share Based Payment arrangement to purchase equity shares have the following expiry dates and exercise prices:

Grant Date	Expiry Date *	Exercise Price	March 31, 2019 Number outstanding	March 31, 2018 Number outstanding
February 6, 2014	-	96.25	-	-
September 6, 2014	-	110.00	-	-
September 24, 2015	-	110.00	-	-
November 11, 2016		237.40	62,500	31,250
October 10, 2018	-	185.60	-	

* As per the Group policy, the option stands cancel or expire if the employee has not exercised the option within six months from the date of resignation.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

38. Related party transaction (contd.)

Nature of transaction	Name of the related party	Year ended March 31, 2019	Year ended March 31, 2018
Rent paid	Kailash Katkar	0.96	0.96
	Anupama Katkar	-	0.14
	Chhaya Katkar	-	0.14
	Kailash Sahebrao Katkar HUF	0.80	0.99
	Sanjay Sahebrao Katkar HUF	1.09	0.99
		2.85	**3.22**
CSR contribution	Quick Heal Foundation	14.20	10.83
		14.20	**10.83**
Final equity dividend declared and paid for the financial year ended March 31, 2018 and March 31, 2017	Kailash Katkar	61.53	51.28
	Sanjay Katkar	61.53	51.28
	Anupama Katkar	15.01	12.51
	Chhaya Katkar	15.01	12.51
	Rajesh Ghonasgi	0.31	0.17
	Manu Parpia	0.11	-
	Abhijit Jorvekar	0.00	0.03
		153.50	**127.78**

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended March 31, 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2018: INR Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Balance outstanding

Nature of transaction	Name of the related party	As at March 31, 2019	As at March 31, 2018
Reimbursement Payable	Ken Amedo	-	0.05
		-	**0.05**
Commission payable to independent directors	Pradeep Bhide	0.54	0.86
	Sunil Sethy	-	0.60
	Mehul Savla	0.54	0.79
	Apurva Joshi	0.54	0.25
	Manu Parpia	0.54	-
	Priti Rao	0.54	-
	Abhijit Jorvekar	-	0.10
		2.70	**2.60**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

39 Segment

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) as mentioned below. 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".For management purposes, the Group reports the details of operating segments based on the target customer groups as under :

- Retail

- Enterprise and Government

- Mobile

The Chief Operating Decision Maker (CODM) reviews the information pertaining to revenue of each of the segments as mentioned above for the purposes of decision making with regard to allocation of resources and assessment of its performances. However, other than revenue, no discrete financial information is available pertaining to abovementioned segments as the assets that are used in the business are common across all the segments and hence it is not possible to identify discrete financial information for these segments.

Revenue from operations

	Year ended March 31, 2019	Year ended March 31, 2018
From India	3,110.77	3,080.52
From foreign countries	38.49	102.63
Total	**3,149.26**	**3,183.15**

Total assets

	As at March 31, 2019	As at March 31, 2018
From India	8,446.55	7,667.18
From foreign countries	81.72	139.96
Total	**8,528.27**	**7,807.14**

Income received from customers located outside India is included in the revenue from foreign countries.

There is no single customer who is accounting for more than 10% of the total revenue of the Group.

40. Group information

List of subsidiaries which are included in the consolidation and the Company's effective holdings therein are as under:

Name of the subsidiary	Country of incorporation / Principle place of business	Financial year ends on	Company's ultimate holding as at	
			March 31, 2019	March 31, 2018
Quick Heal Technologies America Inc.	USA	March 31	100.00%	100.00%
Quick Heal Technologies Japan K. K.	Japan	March 31	100.00%	100.00%
Quick Heal Technologies Africa Limited	Kenya	March 31	100.00%	100.00%
Seqrite Technologies DMCC	Dubai	March 31	100.00%	100.00%

All the subsidiaries of the Group are included in these consolidated financial statements.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

Disclosure of additional information pertaining to Holding Company and subsidiaries after elimination:

Share in net assets:

Name of the company	As at March 31, 2019		As at March 31, 2018	
	As a % of consolidated net assets	Net assets Amount	As a % of consolidated net assets	Net assets Amount
Holding Company:				
Quick Heal Technologies Limited	99.25%	7,838.49	99.28%	7,186.71
Foreign subsidiaries:				
Quick Heal Technologies America Inc.	-0.02%	(1.31)	0.01%	0.87
Quick Heal Technologies Japan K. K.	0.30%	23.54	0.20%	14.73
Quick Heal Technologies Africa Limited	0.44%	34.56	0.51%	37.14
Seqrite Technologies DMCC	0.03%	2.31	-0.01%	(0.79)
Total	**100.00%**	**7,897.59**	**100.00%**	**7,238.67**

Share in profit and loss:

	Year ended March 31, 2019		Year ended March 31, 2018	
	As a % of consolidated profit or loss	Profit / (loss) Amount	As a % of consolidated profit or loss	Profit / (loss) Amount
Holding Company:				
Quick Heal Technologies Limited	101.57%	932.65	104.04%	863.55
Foreign subsidiaries:				
Quick Heal Technologies America Inc.	-0.06%	(0.54)	-0.30%	(2.48)
Quick Heal Technologies Japan K. K.	-1.53%	(14.04)	-1.88%	(15.58)
Quick Heal Technologies Africa Limited	0.11%	0.97	-1.68%	(13.91)
Quick Heal Technologies (MENA) FZE	0.00%	-	-0.18%	(1.52)
Seqrite Technologies DMCC	-0.09%	(0.81)	0.00%	(0.01)
Total	**100.00%**	**918.24**	**100.00%**	**830.05**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

41. Fair values

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments as of :

Particulars	Carrying value		Fair value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial assets				
Investments at amortised cost	58.38	34.49	58.38	34.49
Investments at FVTPL	3,840.02	3,000.78	3,840.02	3,000.78
Investments at FVTOCI	-	29.52	-	29.52
Loans and security deposits	10.84	12.00	10.84	12.00
Trade and other receivables	1,250.52	1,030.88	1,250.52	1,030.88
Cash and cash equivalents	130.04	122.14	130.04	122.14
Other bank balances	1,218.96	1,507.24	1,218.96	1,507.24
Other financial assets	34.63	41.92	34.63	41.92
Total	**6,543.39**	**5,778.97**	**6,543.39**	**5,778.97**
Financial liabilities				
Trade and other payables	387.76	327.06	387.76	327.06
Other financial liabilities	34.23	11.99	34.23	11.99
Total	**421.99**	**339.05**	**421.99**	**339.05**

The management assessed that the fair value of cash and cash equivalents, trade receivables, trade payables and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

(i) The fair value of the quoted mutual fund are based on the price quotations at reporting date. The fair value of unquoted instruments, related parties and other financial liabilities as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

(ii) The fair values of the unquoted equity shares, compulsory convertible preference shares have been estimated using a discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

41. Fair values (contd.)

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at March 31, 2019 and March 31, 2018 are as shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Unquoted equity shares in Smartalyse Technologies Private Limited	Discounted cash flow method	Weighted average cost of equity	March 31, 2019: 33.18% to 35.18%	1% increase in the WACC would decrease the fair value by INR 3.80 and 1% decrease would increase the fair value by INR 4.12.
		Long-term growth rate for cash flows	March 31, 2019: 4% to 6%	1% increase in the growth would increase the fair value by INR 1.87 and 1% decrease would decrease the fair value by INR 1.75.
		Long-term operating margin	March 31, 2019: 19.56% to 49.56%	15% increase in the margin would increase the fair value by INR 23 and 15% decrease would decrease the fair value by INR 23.
Unquoted equity shares in Smartalyse Technologies Private Limited	Discounted cash flow method	Weighted average cost of equity	March 31, 2018: 18.52% to 20.52%	1% increase in the WACC would decrease the fair value by INR 2.20 and 1% decrease would increase the fair value by INR 2.56.
		Long-term growth rate for cash flows	March 31, 2018: 5% to 7%	1% increase in the growth would increase the fair value by INR 1.84 and 1% decrease would decrease the fair value by INR 1.58
		Long-term operating margin	March 31, 2018: 28.20% to 58.20%	15% increase in the margin would increase the fair value by INR 8.22 and 15% decrease would decrease the fair value by INR 8.22.

Reconciliation of fair value measurement of financial assets classified as FVTOCI:

	Compulsory Convertible Preference Shares	Unquoted equity shares
As at April 1, 2017	3.55	**66.66**
Remeasurement recognised in OCI	(3.55)	(37.14)
Purchases	-	
Sales	-	-
As at March 31, 2018	-	**29.52**
Remeasurement recognised in OCI	-	(29.52)
Purchases	-	-
Sales	-	-
As at March 31, 2019	-	**-**

Notes Forming Part of Consolidated Financial Statements
for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

42. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included with in Level 1 that the observable for the asset or liability, either directly (i.e. as pieces) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data unobservable inputs

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at March 31, 2019 and March 31, 2018.

Quantitative disclosures fair value measurement hierarchy for assets:

	Date of valuation	Fair value measurement using			
		Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through OCI					
Unquoted equity instruments in Smartalyse Technologies Private Limited					
As at March 31, 2019	March 31, 2019	-	-	-	-
As at March 31, 2018	March 31, 2018	29.52	-	-	29.52
Financial assets measured at fair value through profit and loss					
Mutual fund investments					
Fair value through profit or loss investments					
As at March 31, 2019	March 31, 2019	3,840.02	3,589.63	250.39	-
As at March 31, 2018	March 31, 2018	3,000.78	2,803.43	197.35	-

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

43. Financial instruments risk management objectives and policies

The Group's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to support its operations. The Group's principal financial assets include investments, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Group does not have borrowings and derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

43. Financial instruments risk management objectives and policies (Contd.)

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include deposits, investments, receivables, payables, advances and other financial instruments. From the perspective of the Group, foreign currency risk is the most significant risk and the impact of interest rate risk and other price risk is not significant. The Group is not exposed to any material price risk.

The Group has certain financial assets and financial liabilities in foreign currencies which expose the Group to foreign currency risks. The foreign currency exposure of the Group has been disclosed in the financial statements.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix to compute the expected credit loss allowance for trade receivables. The group follows simplified approach for recognition of impairment loss allowance on Trade receivable.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made with banks in terms of fixed deposits and investment in designated mutual funds. Investment decision in mutual fund is taken with the assistance from appointed agent. Credit risk on cash deposits is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Other investments primarily include investment in liquid mutual fund units of reputed companies where historically, the Group has not incurred any loss due to credit risk.

(c) Liquidity risk

The Company had no outstanding bank borrowings as of March 31, 2019 and March 31, 2018. The working capital as at March 31, 2019 was INR 5,745.27 (March 31, 2018: INR 5,130.79) including cash and cash equivalents.

As at March 31, 2019 and March 31, 2018, the outstanding employee obligations were INR 39.59 and INR 34.14 respectively which have been substantially funded. Accordingly, no significant liquidity risk is perceived.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

43. Financial instruments risk management objectives and policies (Contd.)

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
As at March 31, 2019					
Trade payables	-	98.21	28.06	3.64	129.91
Other payables		257.79	-	0.06	257.85
Any other financial liabilities	-	25.76	0.15	8.32	34.23
Total	**-**	**381.76**	**28.21**	**12.02**	**421.99**
As at March 31, 2018					
Trade payables	-	85.08	9.59	1.19	95.86
Other payables	-	231.20	-	-	231.20
Any other financial liabilities	-	11.99	-	-	11.99
Total	**-**	**328.27**	**9.59**	**1.19**	**339.05**

Financial risk management

Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder's value. The Company manages its capital and makes adjustments to it in light of the changes in economic and market conditions. The total equity as at March 31, 2019 is INR 7,897.59 (March 31, 2018: INR 7,238.67).

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2019 and March 31, 2018.

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

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

For and on behalf of the Board of Directors of
Quick Heal Technologies Limited

per Tridevlal Khandelwal
Partner
Membership Number: 501160
Place: Pune
Date: May 10, 2019

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191
Place: Pune
Date: May 10, 2019

Sanjay Katkar
Joint Managing Director
& Chief Technical Officer
DIN: 00397277
Place: Pune
Date: May 10, 2019

Nitin Kulkarni
Chief Financial Officer
Place: Pune
Date: May 10, 2019

Srinivasa Rao Anasingaraju
Company Secretary
Regs. No. FCS-9901
Place: Pune
Date: May 10, 2019

Independent Auditor's Report

To the Members of Quick Heal Technologies Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Quick Heal Technologies Limited ("the Company"), which comprise the Balance sheet as at March 31 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and 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, 2019, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Emphasis of Matter

We draw attention to note 33(c) of the standalone Ind AS financial Statement, wherein it is stated that the Company has received statements of demand of service tax under the provision of the Finance Act, 1994 for INR 1,610.50 million (excluding penalty of INR 626.97) for the period from March 01, 2011 to June 30, 2017. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Independent Auditor's Report (Contd.)

Key audit matters	How our audit addressed the key audit matter
Recognition and measurement of revenue in accordance with Ind AS 115 including timing, identification of separate performance obligation and valuation of trade receivables (refer note 23, note 11 and note 47 (credit risk) to the standalone Ind AS financial statements)	
Revenue is recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Given the nature of security software products sold by the Company, the application of Ind AS 115 involves certain key judgements relating to identification of separate performance obligations, determination of basis and its appropriateness for allocation of transaction price to the identified performance obligations; and recognition of such identified performance obligations based on timing of satisfaction (i.e. over time or point in time). Additionally, the Company uses a variety of shipment terms across its distributors and this has an impact on the timing of revenue recognition. Accordingly, ascertainment of timing of revenue recognition is a key audit consideration for sales transactions occurring near to the year end. Further, with respect to the trade receivables, the appropriateness of the provision for doubtful debts is subjective due to high degree of judgement applied by management in determining the impairment provision. Trade receivables as at March 31, 2019 amounts to INR 1,248.55 million and comprise 15% of total assets in the Balance Sheet. Due to the significance of revenue, judgments relating to identification of separate performance obligations, as well as the complexity associated with the timing and related estimation uncertainty in valuation of trade receivables, this is considered as a key audit matter.	Our audit procedures included: • We obtained and read customer contracts and confirmed our understanding of the Company's sales process from initiation to collection of receivables, including design and implementation of controls and tested the operating effectiveness of these controls. • We read and understood the Company's accounting policy for revenue recognition. • We confirmed our understanding of the nature of security software products sold by the Company. • We read the customer agreements to test the terms and conditions for sale of such products including identification of performance obligations and allocation of the transaction price to such performance obligation based on appropriate method, as applicable. • We discussed with management the key assumptions underlying the Company's assessment of cost related to identified performance obligations and tested mathematical accuracy of the underlying data used for computation and calculations made by the Company. • We performed transactions testing based on a representative sampling of the sales orders to assess revenue recognition and recognition of trade receivables including transactions occurring on and around the year end. We performed sales cut off procedures by agreeing deliveries occurring around the year end to supporting documentation, including the terms of delivery. • We also performed various analytical procedures to identify any unusual sales trends and identify unusual items. • We tested aging of trade receivables for a sample of customer transactions. • We requested for and obtained independent balance confirmations from the Company's customers on sample basis. • We tested subsequent receipts after the year-end to on sample basis. • We assessed the trade receivables impairment methodology applied in the current year, and compared the Company's provisioning rates against historical collection data. We assessed whether the time value of money was considered in the expected credit loss impairment model and checked the mathematical accuracy of the calculations.

Independent Auditor's Report (Contd.)

Key audit matters	How our audit addressed the key audit matter
Significant judgement and estimates in relation to impairment of investment in shares subsidiaries (as described in note 7 of the standalone Ind AS financial statements)	
The Company has major investments in subsidiaries as at March 31, 2019 amounting to INR 110.30 million and comprise 1% of total assets in the Balance Sheet. In accordance with Ind AS 36, at each reporting period end, management assesses the existence of impairment indicators of investments in subsidiaries. In case of existence of impairment indicators, the investment balances are subjected to impairment test. The processes and methodologies for assessing and determining the recoverable amount of each investments are based on complex assumptions, that by their nature imply the use of the management's judgment, in particular with reference to identification of impairment indicators, forecast of future cash flows relating to the period covered by the Company's strategic business plan, normalized cash flows assumed as a basis for terminal value, as well as the long-term growth rates and discount rates applied to such forecasted cash flows. Considering the judgment required for estimating the cash flows and the complexity of the assumptions used, this is considered as a key audit matter.	Our audit procedures included: • We obtained understating of the Company's policy on assessment of impairment of investments in shares and the assumption used by the management, including design and implementation of controls, validation of management review controls. We have tested the operating effectiveness of these controls including disclosures in the standalone Ind AS financial statement • We obtained and read the valuation report provided by the Company's independent valuation experts, and assessed the expert's competence, capability and objectivity; • We evaluated management's methodology, assumptions and estimates used in the calculations; • We tested completeness, arithmetical accuracy and validity of the data used in the calculations. • We assessed the disclosures included in the notes to the standalone Ind AS financial statements. • In performing the above procedures, we used our valuation specialists to perform an independent review of methodology and key assumptions used in the valuation.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Chairman's statement, Managing Director's statement and the Director's Report including Annexures to the Director's Report of the Annual Report of the Company, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charge with Governance for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report (Contd.)

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

Independent Auditor's Report (Contd.)

(c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 33(c) to the standalone Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Tridevlal Khandelwal
Partner
Membership Number: 501160

Place: Pune
Date: May 10, 2019

Independent Auditor's Report (Contd.)

Annexure 1 referred to in paragraph 1 under the heading "Reporting on Other Legal and Regulatory Requirements" of our report of even date

Re: Quick Heal Technologies Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification. There was no inventory lying with third parties.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the manufacture of Unified Threat Management devices, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in few cases.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) Acccording to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (INR) (in Millions)	Period to which the amount relates	Forum where the dispute is pending
The Finance Act, 1994	Service tax on supply on licenses to end customer **	560.71	March 01, 2011 to March 31, 2014	CESTAT, New Delhi
The Finance Act, 1994	Service tax on supply on licenses to end customer **	285.35	FY 2014-2015	CESTAT, Mumbai
The Finance Act, 1994	Service tax on supply on licenses to end customer **	377.01	FY 2015-2016	CESTAT, Mumbai
The Finance Act, 1994	Service Tax on supply on licenses to end customer**	371.75	FY 2016-17	Central excise and GST Pune I Commissionerate

Independent Auditor's Report (Contd.)

Name of the statute	Nature of the dues	Amount (INR) (in Millions)	Period to which the amount relates	Forum where the dispute is pending
The Finance Act, 1994	Service Tax on supply on licenses to end customer**	15.68	FY 2017-18	Central excise and GST Pune I Commissionerate
Income Tax Act,1961	Tax on account of disallowance of expenses on 14A	1.83*	FY 2013-14	Commissioner of Income Tax (Appeals)
Income Tax Act,1961	Tax on account of disallowance of expenses on 14A	0.89*	FY 2011-12	Commissioner of Income Tax (Appeals)

* The amount of tax is calculated using the tax rates applicable during the relevant assessment year based on the amount of disallowances / adjustments under dispute.

** excludes interest and penalty, if any, thereon.

(viii) The Company did not have any outstanding dues in respect of financial institution, bank, government or debenture holders during the year.

(ix) In our opinion and according to the information and explanations given by the management, monies raised by the Company by way of initial public offer were applied for the purpose for which they were raised, though idle funds which were not required for immediate utilization have been gainfully invested in liquid investments payable on demand. The maximum amount of idle funds invested during the year was INR 1,392.02 million, of which INR 979.94 million was outstanding at the end of the year. According to the information and explanations given by the management, the Company has not raised any money by way of term loans.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and hence not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Tridevlal Khandelwal
Partner
Membership Number: 501160

Place: Pune
Date: May 10, 2019

Independent Auditor's Report (Contd.)

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF QUICK HEAL TECHNOLOGIES LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Quick Heal Technologies Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Independent Auditor’s Report (Contd.)

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Ind AS financial statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2019 , based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Tridevlal Khandelwal
Partner
Membership Number: 501160

Place: Pune
Date: May 10, 2019

Standalone Balance Sheet

as at March 31, 2019

(All amounts are in INR Millions, unless otherwise stated)

	Notes	As at March 31, 2019	As at March 31, 2018
Assets			
Non-current assets			
(a) Property, plant and equipment	5	1,569.69	1,610.96
(b) Capital work-in-progress		106.33	138.72
(c) Intangible assets	6	76.86	118.31
(d) Investments in subsidiaries	7	110.30	184.50
(e) Financial assets			
(i) Investments	7	296.23	175.75
(ii) Loans and security deposits	8	3.75	3.18
(iii) Other financial assets	9	4.04	2.92
(f) Deferred tax assets (net)	29	86.69	43.70
(g) Income tax assets (net)	14	45.54	33.90
(h) Other non-current assets	15	0.52	0.14
		2,299.95	**2,312.08**
Current assets			
(a) Inventories	10	41.41	47.15
(b) Financial assets			
(i) Investments	7	3,602.17	2,889.04
(ii) Trade receivables	11	1,248.55	1,027.41
(iii) Cash and cash equivalents	12	80.11	83.47
(iv) Bank balances other than (iii) above	13	1,218.96	1,507.24
(v) Loans and security deposits	8	6.43	8.13
(vi) Interest accrued	9	30.60	39.00
(c) Other current assets	15	43.34	23.59
		6,271.57	**5,625.03**
Total assets		**8,571.52**	**7,937.11**
Equity and liabilities			
Equity			
(a) Equity share capital	16	705.63	703.88
(b) Share application money pending allotment		0.17	-
(c) Other equity	17		
(i) Retained earnings		4,466.33	3,884.34
(ii) Securities premium		2,343.38	2,327.92
(iii) Amalgamation reserve		26.45	26.45
(iv) General reserve		450.26	450.26
(v) Other reserves		(43.30)	(21.53)
Total equity		**7,948.92**	**7,371.32**
Liabilities			
Non-current liabilities			
(a) Net employee defined benefit liabilities	21	18.37	21.04
(b) Other non-current liabilities	20	19.53	-
		37.90	**21.04**
Current liabilities			
(a) Financial liabilities			
(i) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	18	0.37	-
(b) Total outstanding dues creditors other than micro enterprises and small enterprises	18	384.46	322.72
(ii) Other financial liabilities	19	34.23	15.61
(b) Other current liabilities	20	131.49	131.24
(c) Net employee defined benefit liabilities	21	21.12	13.10
(d) Income tax liabilities (net)	22	13.03	62.08
		584.70	**544.75**
Total liabilities		**622.60**	**565.79**
Total equity and liabilities		**8,571.52**	**7,937.11**

Summary of significant accounting policies 3

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

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

For and on behalf of the Board of Directors of
Quick Heal Technologies Limited

per Tridevlal Khandelwal
Partner
Membership Number: 501160
Place: Pune
Date: May 10, 2019

Kailash Katkar
Managing Director & Chief Executive Officer
DIN: 00397191
Place: Pune
Date: May 10, 2019

Sanjay Katkar
Joint Managing Director & Chief Technical Officer
DIN: 00397277
Place: Pune
Date: May 10, 2019

Nitin Kulkarni
Chief Financial Officer
Place: Pune
Date: May 10, 2019

Srinivasa Rao Anasingaraju
Company Secretary
Regs. No. FCS-9901
Place: Pune
Date: May 10, 2019

Standalone Statement of Profit & Loss

for the year ended March 31, 2019

(All amounts are in INR Millions, unless otherwise stated)

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Income			
Revenue from operations	23	3,129.03	3,162.22
Other income	24	325.00	298.75
Total income		**3,454.03**	**3,460.97**
Expenses			
Cost of materials consumed	25 (a)	29.51	10.55
Purchase of security software products	25 (b)	114.26	93.96
(Increase) / decrease in security software products	25 (c)	(14.84)	22.02
Employee benefits expense	26	971.38	996.76
Depreciation and amortisation expense	27	235.27	268.82
Other expenses	28	734.58	801.62
Total expenses		**2,070.16**	**2,193.73**
Profit before exceptional items and tax		**1,383.87**	**1,267.24**
Exceptional items [Refer note 44 (c)]		93.17	75.09
Profit before tax		**1,290.70**	**1,192.15**
Tax expense			
Current tax	29		
Pertaining to profit for the current year		446.36	363.68
Adjustments of tax relating to earlier periods (Net)		45.99	-
Deferred tax		(41.29)	39.69
Total tax expense		**451.06**	**403.37**
Profit for the year		**839.64**	**788.78**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement of defined benefit plans		(4.94)	11.26
Income tax effect		1.71	(3.91)
		(3.23)	7.35
Net (loss) or gain on FVTOCI assets		(29.52)	(37.13)
Income tax effect		-	-
		(29.52)	(37.13)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(32.75)**	**(29.78)**
Total comprehensive income for the year		**806.89**	**759.00**
Earnings per equity share [nominal value per share INR 10 (March 31, 2018: INR 10)]	30		
Basic		11.91	11.23
Diluted		11.90	11.20

Summary of significant accounting policies 3

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

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

For and on behalf of the Board of Directors of
Quick Heal Technologies Limited

per Tridevlal Khandelwal
Partner
Membership Number: 501160
Place: Pune
Date: May 10, 2019

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191
Place: Pune
Date: May 10, 2019

Sanjay Katkar
Joint Managing Director
& Chief Technical Officer
DIN: 00397277
Place: Pune
Date: May 10, 2019

Nitin Kulkarni
Chief Financial Officer
Place: Pune
Date: May 10, 2019

Srinivasa Rao Anasingaraju
Company Secretary
Regs. No. FCS-9901
Place: Pune
Date: May 10, 2019

Standalone Cash Flow Statement
for the year ended March 31, 2019
(All amounts are in INR Millions, unless otherwise stated)

	March 31, 2019	March 31, 2018
A. Cash flow from operating activities		
Profit before tax	1,290.70	1,192.15
Adjustment to reconcile profit before tax to net cash flows:		
Exceptional items	93.17	75.09
Net (gain) / loss foreign exchange differences	(1.34)	(3.31)
Employee share based payments expense	10.68	7.25
Depreciation and amortization expense	235.27	268.82
Interest income	(110.05)	(101.28)
Provision for doubtful debts and advances	17.16	24.36
Bad debts / property, plant and equipment written off	3.14	-
Profit on sale of property, plant and equipment	(21.28)	(0.54)
Dividend income	(148.01)	(102.61)
Exchange difference on translation of foreign currency cash and cash equivalents	-	0.02
Net gain on sale of investment	(0.42)	(2.30)
Net (gain) / loss on FVTPL current investment	(16.53)	(5.13)
Operating profit before working capital changes	**1,352.49**	**1,352.52**
Movements in working capital:		
(Increase)/decrease in trade receivables	(238.06)	(98.56)
(Increase)/decrease in inventories	5.74	25.07
(Increase)/decrease in loans	1.13	(1.43)
(Increase)/decrease in other financial assets	(1.12)	(0.85)
(Increase)/decrease in other assets	(19.73)	14.47
Increase/(decrease) in net employee defined benefit liabilities	0.41	8.25
Increase/(decrease) in trade payables	62.12	(83.30)
Increase/(decrease) in other financial liabilities	(3.62)	3.62
Increase/(decrease) in other current liabilities	19.78	(4.55)
Cash generated from operations	**1,179.14**	**1,215.24**
Direct taxes paid (net of refunds)	(553.04)	(259.31)
Net cash flow from operating activities (A)	**626.10**	**955.93**
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress and capital advances)	(112.27)	(135.75)
Proceeds from sale of property, plant and equipment	32.99	1.34
Investments in subsidiaries	(18.97)	(11.90)
Repatriation from subsidiaries on account of capital reduction	-	47.22
Investments in non-current investments (other)	(150.00)	(146.23)
Purchase of current investments	(6,735.48)	(5,674.37)
Sale of current investments	6,039.30	4,543.58
(Increase)/decrease in bank balances other than cash and cash equivalents	288.28	(6.08)
Interest received	118.45	91.23
Dividends received	148.01	102.61
Net cash (used in) investing activities (B)	**(389.69)**	**(1,188.35)**

Standalone Cash Flow Statement

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

	March 31, 2019	March 31, 2018
C. Cash flow from financing activities		
Dividend paid on equity shares	(211.19)	(175.27)
Tax on equity dividend paid	(43.03)	(35.72)
Proceeds from issuance of equity shares (including securities premium)	14.28	25.80
Share application money pending allotment	0.17	(0.06)
Net cash flow (used in) financing activities (C)	**(239.77)**	**(185.25)**
Net (decrease) in cash and cash equivalents (A+B+C)	**(3.36)**	**(417.67)**
Cash and cash equivalents at the beginning of the year	83.47	501.16
Effect of exchange differences on cash and cash equivalents held in foreign currency	-	(0.02)
Cash and cash equivalents at the end of the year	**80.11**	**83.47**
Components of cash and cash equivalents		
Cash on hand	0.34	0.47
Balances with banks		
On current account	44.37	77.47
On EEFC account	2.68	1.30
Unpaid dividend account	0.48	0.28
Deposits with original maturity of less than three months	28.37	-
Cheques on hand	3.87	3.95
Total cash and cash equivalents (refer note 12)	**80.11**	**83.47**

Summary of significant accounting policies 3

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

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

For and on behalf of the Board of Directors of
Quick Heal Technologies Limited

per Tridevlal Khandelwal
Partner
Membership Number: 501160
Place: Pune
Date: May 10, 2019

Kailash Katkar
Managing Director & Chief Executive Officer
DIN: 00397191
Place: Pune
Date: May 10, 2019

Sanjay Katkar
Joint Managing Director & Chief Technical Officer
DIN: 00397277
Place: Pune
Date: May 10, 2019

Nitin Kulkarni
Chief Financial Officer
Place: Pune
Date: May 10, 2019

Srinivasa Rao Anasingaraju
Company Secretary
Regs. No. FCS-9901
Place: Pune
Date: May 10, 2019

Standalone Statement of Changes in Equity

for the year ended March 31, 2019

(All amounts are in INR Millions, unless otherwise stated)

A. Equity share capital

Equity shares of INR 10 each issued, subscribed and fully paid-up	No.	Amount
As at April 1, 2017	**70,102,205**	**701.02**
- Employee stock option plan (ESOP)	285,978	2.86
As at March 31, 2018	**70,388,183**	**703.88**
- Employee stock option plan (ESOP) (refer note 16)	175,471	1.75
As at March 31, 2019	**70,563,654**	**705.63**

B. Share application money pending allotment

	As at March 31, 2019	As at March 31, 2018
Share application money pending allotment	0.17	-

C. Other equity

Other equity attributable to equity holders of the Company

	Securities premium	Employee stock options outstanding (ESOP)	Amalgamation reserve	General reserve	Retained earnings	Equity instruments through Other comprehensive income	Total
Balance as at April 1, 2017	**2,297.36**	**15.00**	**26.45**	**450.26**	**3,299.40**	**0.97**	**6,089.44**
Profit for the year	-	-	-	-	788.78	-	788.78
Other comprehensive income	-	-	-	-	7.35	(37.13)	(29.78)
Total comprehensive income	**-**	**-**	**-**	**-**	**796.13**	**(37.13)**	**759.00**
Expenses pertaining to share-based payments	-	7.25	-	-	-	-	7.25
Exercise of share options	30.56	(7.62)	-	-	-	-	22.94
Appropriations:							
Final equity dividend	-	-	-	-	(175.47)	-	(175.47)
Tax on final dividend	-	-	-	-	(35.72)	-	(35.72)
Balance as at March 31, 2018	**2,327.92**	**14.63**	**26.45**	**450.26**	**3,884.34**	**(36.16)**	**6,667.44**
Profit for the year	-	-	-	-	839.64	-	839.64
Other comprehensive income	-	-	-	-	(3.23)	(29.52)	(32.75)
Total comprehensive income	**-**	**-**	**-**	**-**	**836.41**	**(29.52)**	**806.89**
Expenses pertaining to share-based payments	-	10.68	-	-	-	-	10.68
Exercise of share options	15.46	(2.93)	-	-	-	-	12.53
Appropriations:							
Final equity dividend	-	-	-	-	(211.39)	-	(211.39)
Tax on final dividend	-	-	-	-	(43.03)	-	(43.03)
Balance as at March 31, 2019	**2,343.38**	**22.38**	**26.45**	**450.26**	**4,466.33**	**(65.68)**	**7,243.12**

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

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

For and on behalf of the Board of Directors of
Quick Heal Technologies Limited

per Tridevlal Khandelwal
Partner
Membership Number: 501160
Place: Pune
Date: May 10, 2019

Kailash Katkar
Managing Director
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Srinivasa Rao Anasingaraju
Company Secretary
Regs. No. FCS-9901
Place: Pune
Date: May 10, 2019

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2019

(All amounts are in INR Millions, unless otherwise stated)

1. Corporate information

Quick Heal Technologies Limited ("the Company"), a public company domiciled in India, was incorporated on August 7, 1995 under the Companies Act, 1956. The CIN of the Company is L72200MH1995PLC091408. The Company's shares are listed on the BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE') w.e.f. February 18, 2016. The registered office of the Company is located at Marvel Edge, Office No.7010 C & D, 7th Floor, Viman Nagar, Pune 411014, Maharashtra, India.

The Company is engaged in the business of providing security software products. The Company caters to both domestic and international market.

The standalone financial statements of the Company for the year ended March 31, 2019 were authorised for issue in accordance with a resolution of the Board of Directors on May 10, 2019.

2. Basis of preparation

The standalone 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, as amended.

The standalone financial statements have been prepared on a historical cost basis, except for certain financial assets which have been measured at fair value. The standalone financial statements are presented in INR millions; except when otherwise indicated.

Items	Measurement basis
Certain non-derivative financial instruments at fair value through profit or loss	Fair value
Equity-settled share based payment transactions	Fair value on date of grant
Defined benefit plan assets	Fair value

3. Summary of significant accounting policies

The following are the significant accounting policies applied by the Company in preparing its standalone financial statements:

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current

A liability is treated as current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle of the Company is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company's normal operating cycle has been considered to be twelve months.

b) Foreign currencies

The Company's standalone financial statements are presented in Indian Rupees, which is also the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Transaction and balances

Transactions in foreign currencies are initially recorded by the Company's functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or statement of profit and loss are also recognised in OCI or statement of profit and loss, respectively).

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

c) Fair value measurement

The Company measures financial instruments such as investments in equity shares (other than those in subsidiaries) at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Significant accounting judgements, estimates and assumptions (refer note 4)
- Quantitative disclosures of fair value measurement hierarchy (refer note 45 and 46)
- Financial instruments risk management objectives and policies (refer note 47)

d) Revenue recognition

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from contracts with customers" under the modified retrospective approach without adjustment of comparatives. The standards is applied to contracts that were not completed as of April 1, 2018.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to be received in exchange for those products or services.

Sales tax, value added tax (VAT) and Goods and Services Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Accordingly, it is excluded from revenue. The following specific recognition criteria must also be met before revenue is recognized:

(i) Sale of security software products and devices:

Revenue from the sale of security software products and devices (goods) is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

In arrangements for sale of security software, the Company has applied the guidance in Ind AS 115, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering sale of security software and related services as separately identifiable components. For allocating the consideration, the Company has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in Ind AS 115. The Company

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

allocates and defers revenue for the undelivered items based on the fair value of the undelivered elements.

Contract balances:

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (p) Financial instruments - initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

(ii) Income from services:

Revenues from support services are recognized over time as and when services are rendered. The Company collects GST on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

(iii) Revenue from software services:

The Company has applied the principal under Ind AS 115 to identify each performance obligation on licenses sold to customer. Revenue for identified performance obligation is recognised over the period of time, when such performance obligation is rendered. In absence of standalone selling price of the performance obligation, the contract price are allocated to each performance obligation of the contract on the basis of cost plus margin approach.

e) Other income

(i) Interest

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate ('EIR') applicable. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included under the head "Other income" in the statement of profit and loss.

(ii) Dividends

Income from dividend on investments is accrued in the year in which it is declared, whereby the Company's right to receive is established. Dividend income is included under the head "Other income" in the statement of profit and loss.

f) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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 taxes relate to the same taxable Company and the same taxation authority.

g) Property, plant and equipment

Property, plant and equipment and capital work in progress are stated at cost net of accumulated depreciation and impairment losses, if any.

The cost comprises of the purchase price and directly attributable costs 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. Each part of item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery.

Capital work-in-progress comprises of the cost of property, plant and equipment that are not yet ready for their intended use as at the balance sheet date.

Depreciation on property, plant and equipment is calculated on a written down value (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 property, plant and equipment.

Type of assets	Schedule II life (years)	Useful lives estimated by the management (years)	Rates (WDV)
Buildings	60	60	4.87%
Computers	3	3	63.16%
Electrical installations	10	10	25.89%
Furniture and fixtures	10	10	25.89%
Office equipment	5	5	45.07%
Server	6	6	39.30%
Vehicles	8	8	31.23%

Leasehold premises are amortized on a straight line basis over the period of lease, i.e. 30 years.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the expenditure is recognised in the statement of profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

Intangible assets with finite useful lives 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 are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the asset;
- Its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of adequate resources to complete the development and to use or sell the asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life. Amortization is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

i) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. Finance leases that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying asset.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit and loss on a straight-line basis over the lease term except the case where the incremental lease reflects inflationary effect and lease expense is accounted in such case by actual rent for the period.

j) Inventories

Inventories are valued at the lower of cost and net realisable value.

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.

- Raw materials are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories is not written down below cost of the finished product in which they will be incorporated are expected to be sold at or above cost. Cost of raw material is determined on a weighted average basis.
- Finished goods are valued at lower of cost and net realizable value. Cost includes direct material and labour and a proportion of manufacturing overhead based on normal operating capacity. Cost is determined on a weighted average basis.

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

- 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.

k) Impairment of non-financial assets

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) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Company. When 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 fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Company's CGU 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.

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised 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 recognised. 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 recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

l) 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.

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

m) 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 standalone financial statements.

n) Retirement and other employee benefits

a) Short-term employee benefits

The distinction between short term and long term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages,

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

bonus, short term compensated absences, awards, ex-gratia, performance pay, etc. and are recognised in the period in which the employee renders the related service.

b) Post-employment benefits

(i) Defined contribution plan

The Company makes payment to provident fund scheme which is defined contribution plan. The contribution paid/payable under the schemes is recognised in the statement of profit and loss during the period in which the employee renders the related service. The Company has no further obligations under these schemes beyond its periodic contributions.

The Company recognize contribution payable to the provident fund scheme as an expenditure, when an employee renders the related services. If the contribution payable to the scheme for services received before balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then the excess recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or cash refund.

(ii) Defined benefit plan

The Company operates a defined benefit plan for its employees, viz. gratuity. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. The fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on a net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods.

Past service costs are recognised in statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

c) Other long-term employment benefits:

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the Balance Sheet to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

o) Share based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment ("SBP") reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or

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credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

p) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Initial recognition and measurement of financial assets

All financial assets are recognised 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 purposes of subsequent measurement, financial assets are classified in the following categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a

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'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that 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. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as expense/ (income) in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount

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- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

b) **Financial liabilities**

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, loans and borrowings or payables as appropriate.

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

The Company's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

q) **Investment in subsidiaries**

Investment in subsidiaries is carried at cost less accumulated impairment in the standalone financial statements.

r) **Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with original maturity of three months or less, which are subject to an insignificant risk of changes in value. In the statement of cash flows, cash and cash equivalents consist of cash and short term deposits, as defined above, net of outstanding bank overdrafts as they are considered as integral part of the Company's cash management.

s) **Cash dividend**

The Company recognises a liability to make cash distributions to the equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the provisions of the Act, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

t) **Earnings per share (EPS)**

Basic EPS is calculated by dividing the Company's earnings for the year attributable to ordinary equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. The earnings considered in ascertaining the Company's EPS comprise the net profit after tax attributable to equity shareholders. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares) other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares. There were no instruments excluded from the calculation of diluted earnings per share for the periods presented because of an anti-dilutive impact.

u) **Segment reporting**

An operating segment is a component of a company whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker (CODM) to make decisions about resource allocation and assess its performance and for which discrete financial information is available. The Company has identified the Managing Director of the Company as its CODM.

4. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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Judgements

In the process of applying the Company's accounting policies, the management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Significant judgements is required to apply lease accounting rules under Appendix C to Ind AS 17 'Determining whether an arrangement contains a lease'. In assessing the applicability to arrangements entered into by the Company with its various sub-contractors regarding providing of certain services, the Company has exercised judgment to evaluate the right to use the underlying assets, substance of the transaction including legally enforced arrangements, and other significant terms and conditions of the arrangement to conclude whether the arrangements meets the criteria under Appendix C to Ind AS 17. Based on the evaluation, the Company has concluded that the arrangements do not meet the definition of lease as specified under Appendix C to Ind AS 17.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in note 31.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 45 for further disclosures.

4 (a) Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Ministry of Corporate Affairs ('MCA') has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

(i) Ind AS 116 - Leases

Ind AS 116 Leases was notified on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices there to. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires

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lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company intends to adopt these standards, if applicable, when they become effective. As the Company does not have any material leases, therefore the adoption of this standard is not likely to have a material impact in its financial statements.

(ii) Appendix C to Ind AS 112 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, for example, (a) how it prepares its income tax filings and supports tax treatments; or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination.

The interpretation is effective for annual reporting periods beginning on or after April 1, 2019, but certain transition reliefs are available. The Company will apply the interpretation from its effective date. The Company does not expect to have any material impact on its financial statements.

(iii) Amendment to Ind AS 19 - Employee Benefits:

The amendments to Ind AS 19, Employee Benefits relate to effects of plan amendment, curtailment and settlement. When an entity determines the past service cost at the time of plan amendment or curtailment, it shall remeasure the amount of net defined benefit liability/asset using the current value of plan assets and current actuarial assumptions which should reflect the benefits offered under the plan and plan assets before and after the plan amendment, curtailment and settlement. These amendments are not expected to have any significant impact on the Company.

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5. Property, plant and equipment

	Freehold land (refer note 1)	Leasehold premises	Buildings (refer note 2)	Computers and server	Office equipment	Electrical installations	Furniture and fixtures	Vehicles	Total
Cost (Gross) (refer note 3)									
At April 1, 2017	26.63	21.32	1,494.10	340.35	177.42	93.43	226.91	17.19	2,397.35
Additions	-	-	-	55.74	1.66	1.73	7.42	-	66.55
Disposals/written-offs	-	-	-	0.94	0.83	-	0.22	1.68	3.67
At March 31, 2018	**26.63**	**21.32**	**1,494.10**	**395.15**	**178.25**	**95.16**	**234.11**	**15.51**	**2,460.23**
Additions	-	-	131.62	6.25	3.51	0.83	0.02	9.29	151.52
Disposals/written-offs	-	-	15.98	4.67	0.43	-	4.44	9.72	35.24
At March 31, 2019	**26.63**	**21.32**	**1,609.74**	**396.73**	**181.33**	**95.99**	**229.69**	**15.08**	**2,576.51**
Depreciation (Gross) (refer note 3)									
At April 1, 2017	-	5.65	186.96	141.15	115.91	44.30	111.23	11.49	616.69
Depreciation charge for the year	-	0.71	63.61	96.77	28.21	13.02	31.31	1.82	235.45
Disposals/written-offs	-	-	-	0.91	0.76	-	0.17	1.03	2.87
At March 31, 2018	**-**	**6.36**	**250.57**	**237.01**	**143.36**	**57.32**	**142.37**	**12.28**	**849.27**
Depreciation charge for the year	-	0.67	64.86	63.60	15.64	9.81	23.43	1.03	179.04
Disposals/written-offs	-	-	5.99	4.59	0.43	-	2.40	8.08	21.49
At March 31, 2019	**-**	**7.03**	**309.44**	**296.02**	**158.57**	**67.13**	**163.40**	**5.23**	**1,006.82**
Net block									
At March 31, 2018	**26.63**	**14.96**	**1,243.53**	**158.14**	**34.89**	**37.84**	**91.74**	**3.23**	**1,610.96**
At March 31, 2019	**26.63**	**14.29**	**1,300.30**	**100.71**	**22.76**	**28.86**	**66.29**	**9.85**	**1,569.69**

Note:-

1. The value of land has been estimated based on the stamp duty valuation rate
2. Additions of building includes office building (including share in undivided portion of land) taken on long term lease i.e. 999 years.
3. The Company had elected to continue with the carrying value of property, plant and equipment as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed cost on the date of transition (i.e. April 1, 2015). The Company has disclosed the gross block and accumulated depreciation above, for information purpose only. The accumulated depreciation as at April 1, 2015 was INR 228.19.

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6. Intangible assets

	Software	Total
Cost (Gross) (refer note 1)		
At April 1, 2017	371.14	371.14
Purchase	86.56	86.56
Disposals	-	-
At March 31, 2018	**457.70**	**457.70**
Purchase	14.78	14.78
Disposals	-	-
At March 31, 2019	**472.48**	**472.48**
Amortisation (Gross) (refer note 1)		
At April 1, 2017	306.02	306.02
Amortisation for the year	33.37	33.37
Disposals	-	-
At March 31, 2018	**339.39**	**339.39**
Amortisation for the year	56.23	56.23
Disposals	-	-
At March 31, 2019	**395.62**	**395.62**
Net block		
At March 31, 2018	**118.31**	**118.31**
At March 31, 2019	**76.86**	**76.86**

1. The Company had elected to continue with the carrying value of intangible assets as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed cost on the date of transition (i.e. April 1, 2015). The Company has disclosed the gross block and accumulated amortisation above, for information purpose only. The accumulated amortisation as at April 1, 2015 was INR 174.39.

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7. Investments in subsidiaries and others

	As at March 31, 2019	As at March 31, 2018
Non - current investments		
Investment in equity shares (unquoted) (at cost)		
Investment in wholly owned subsidiaries		
4,600 (March 31, 2018: 4,000) equity shares of JPY 50,000 each fully paid-up in Quick Heal Technologies Japan K.K., Japan	139.22	120.25
Less: Impairment of investment in Quick Heal Technologies Japan K.K., Japan	(129.56)	(36.39)
	9.66	**83.86**
788,000 (March 31, 2018: 788,000) equity shares of USD 1 each fully paid-up in Quick Heal Technologies America Inc., USA	43.15	62.15
Less: Disinvestment *	-	(8.51)
Less: Impairment of investment in Quick Heal Technologies America Inc., USA	-	(10.49)
	43.15	**43.15**
11,367,500 (March 31, 2018: 11,367,500) equity shares of KSH 10 each fully paid-up in Quick Heal Technologies Africa Limited, Kenya	51.87	76.80
Less: Impairment of investment in Quick Heal Technologies Africa Limited, Kenya	-	(24.93)
	51.87	**51.87**
Nil (March 31, 2018: Nil) equity shares of AED 100,000 each fully paid-up in Quick Heal Technologies (MENA) FZE, UAE	-	48.32
Less: Disinvestment **	-	(38.71)
Less: Impairment of investment in Quick Heal Technologies (MENA) FZE, UAE	-	(9.61)
	-	**-**
300 (March 31, 2018: 300) equity shares of AED 1,000 each fully paid-up in Seqrite Technologies DMCC, UAE	5.62	5.62
Sub total - Investment in equity shares (unquoted) (at cost)	**110.30**	**184.50**
Investment carried at amortised cost		
Investment in tax free bonds		
7.35% Indian Railway Finance Corporation Limited Bonds	33.54	34.49
7.39% National Highway Authority of India Bonds	24.84	-
	58.38	**34.49**
Investments at fair value through profit and loss		
Investments in mutual funds (quoted)		
Investments in mutual funds	237.85	111.74
	237.85	**111.74**
Investments at fair value through OCI		
Investment in other equity shares (unquoted)		
4,472 (March 31, 2018: 4,472) equity shares of INR 10 each fully paid-up in Smartalyse Technologies Private Limited	29.52	66.65
Less: Fair value changes routed through OCI	(29.52)	(37.13)
	-	**29.52**
Investment in preference shares (unquoted)		
15,162 (March 31, 2018: 15,162) Compulsory Convertible Preference Shares of INR 10 each fully paid-up in Wegilant Net Solutions Private Limited	-	3.55
Less: Fair value changes routed through OCI	-	(3.55)
	-	-
	-	**29.52**
Sub total - Investments	**296.23**	**175.75**

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7. Investments in subsidiaries and others (Contd.)

	As at March 31, 2019	As at March 31, 2018
Current investments		
Investments at fair value through profit and loss		
Investments in mutual funds (quoted)		
Investments in mutual funds	3,602.17	2,889.04
Total current investments	**3,602.17**	**2,889.04**
Total non-current investments	**406.53**	**360.25**
Total current investments	**3,602.17**	**2,889.04**
Aggregate book value of quoted investments	3,840.02	3,000.78
Aggregate market value of quoted investments	3,840.02	3,000.78
Aggregate value of unquoted investments	168.68	248.51
Aggregate amount of impairment in value of investments	129.56	81.42
Investments carried at cost	110.30	184.50
Investments carried at amortised cost	58.38	34.49
Investments carried at fair value through profit or loss	3,840.02	3,000.78
Investments carried at fair value through other comprehensive income	-	29.52

* Repatriation on account of capital reduction.

** In the previous year, Company had discontinued operation of Quick Heal Technologies (MENA) FZE, UAE. Losses on account of discontinuation were disclosed as exceptional item in Statement of Profit and Loss.

8. Loans and security deposits

	As at March 31, 2019	As at March 31, 2018
Loans and security deposits (unsecured, considered good) (at amortised cost)		
Current		
Security deposits	6.43	8.13
Total current	**6.43**	**8.13**
Loans and security deposits (unsecured, considered good) (at amortised cost)		
Non - current		
Security deposits	3.75	3.18
Total non - current	**3.75**	**3.18**

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.

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9. Other financial assets

	As at March 31, 2019	As at March 31, 2018
Current		
Interest accrued		
on bank balance	30.60	39.00
Total current	**30.60**	**39.00**
Non - current		
Bank balances		
Deposits with remaining maturity of more than twelve months	4.04	2.92
Total non - current	**4.04**	**2.92**
Other financial assets carried at amortised cost	34.64	41.92
Other financial assets carried at fair value through profit or loss	-	-
Other financial assets carried at fair value through other comprehensive income	-	-

Out of the total deposits, INR 4.04 (March 31, 2018: INR 2.92) are pledged against bank guarantees

10. Inventories

	As at March 31, 2019	As at March 31, 2018
At lower of cost and net realisable value		
Raw materials - Security software devices	8.75	29.33
Finished goods - Security softwares	32.66	17.82
Total	**41.41**	**47.15**

11. Trade receivables

	As at March 31, 2019	As at March 31, 2018
Trade receivables	1,241.25	1,014.70
Trade receivable from related parties (refer note 43)	7.30	12.71
Total	**1,248.55**	**1,027.41**

Break-up for security details:

	As at March 31, 2019	As at March 31, 2018
Trade receivables		
Considered good - Secured	-	-
Considered good - Unsecured	1,230.12	1,027.41
Receivable which have significant increase in credit risk	19.69	-
Receivables - credit impaired	258.54	242.64
Total	**1,508.35**	**1,270.05**
Impairment allowed (allowed for bad and doubtful debts)		
Considered good - Unsecured	-	-
Receivable which have significant increase in credit risk*	(1.26)	
Receivables - credit impaired	(258.54)	(242.64)
	(259.80)	**(242.64)**
Total	**1,248.55**	**1,027.41**

* 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.

For terms and condition relating to related party receivables, refer note 43.

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

12. Cash and cash equivalents

	As at March 31, 2019	As at March 31, 2018
Balances with banks:		
On current account	44.37	77.47
On EEFC account	2.68	1.30
Unpaid dividend account	0.48	0.28
Deposits with original maturity of less than three months	28.37	-
Cheques on hand	3.87	3.95
Cash on hand	0.34	0.47
Total	**80.11**	**83.47**

13. Other bank balances

	As at March 31, 2019	As at March 31, 2018
Bank balances		
Deposits with remaining maturity of less than twelve months	1,218.96	1,507.24
Total	**1,218.96**	**1,507.24**

Out of the total deposits, INR 0.97 (March 31, 2018: INR 2.24) are pledged against bank guarantees.

14. Non-current tax assets (net)

	As at March 31, 2019	As at March 31, 2018
Advance tax (net of provision for tax)	45.54	33.90
Total	**45.54**	**33.90**

15. Others assets

	As at March 31, 2019	As at March 31, 2018
Current (unsecured, considered good)		
Prepaid expenses	16.06	16.00
Balances with government authorities	1.23	1.43
Advance to suppliers	25.78	5.10
Advance to employees	0.20	0.56
Other assets	0.07	0.50
Total current	**43.34**	**23.59**
Non - current (unsecured, considered good)		
Interest accrued on income tax refund	0.09	0.09
Prepaid expenses	0.03	0.05
Non - current (unsecured, considered doubtful)		
Capital advances	3.40	3.00
Less: provision for doubtful capital advances	(3.00)	(3.00)
Advance to suppliers	6.38	6.38
Less: provision for doubtful advances	(6.38)	(6.38)
Total non - current	**0.52**	**0.14**
Total current	**43.34**	**23.59**
Total non - current	**0.52**	**0.14**

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

16. Equity share capital

	As at March 31, 2019	As at March 31, 2018
Authorized shares		
75,000,000 (March 31, 2018: 75,000,000) equity shares of INR 10 each	750.00	750.00
	750.00	**750.00**
Issued, subscribed and fully paid-up shares		
70,563,654 (March 31, 2018: 70,388,183) equity shares of INR 10 each	705.63	703.88
Total issued, subscribed and fully paid-up share capital	**705.63**	**703.88**

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

	As at March 31, 2019		As at March 31, 2018	
	No.	INR	No.	INR
At the beginning of the year	70,388,183	703.88	70,102,205	701.02
Issued during the year				
- Employee stock option plan (ESOP)	175,471	1.75	285,978	2.86
Outstanding at the end of the year	**70,563,654**	**705.63**	**70,388,183**	**703.88**

(b) Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in ensuing Annual General Meeting.

The Board of Directors, in their meeting on May 10, 2018, proposed a final dividend of INR 3.00 per equity share and the same was approved by the shareholders at the Annual General Meeting held on August 8, 2018. The amount was recognized as distributions to equity shareholders during the year ended March 31, 2019 and the total appropriation was INR 254.42 including dividend distribution tax.

The Board of Directors, in their meeting on May 10, 2019, have proposed a final dividend of INR 2 per equity share for the financial year ended March 31, 2019. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held and if approved would result in a cash outflow of approximately INR 169.86 including dividend distribution tax.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.

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

None.

(d) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

	As at March 31, 2019	As at March 31, 2018
	Nos.	Nos.
Equity shares allotted as fully paid up bonus shares by utilisation of securities premium and surplus in statement of profit and loss during the financial year ended March 31, 2014	53,435,977	53,435,977

'* Refer note on Amalgamation reserve in note 17.

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

	As at March 31, 2019		As at March 31, 2018	
	Nos.	% holding	Nos.	% holding
Equity shares of INR 10 each fully paid-up				
Kailash Katkar	20,511,384	29.07%	20,511,384	29.14%
Sanjay Katkar	20,511,384	29.07%	20,511,384	29.14%
Anupama Katkar	5,003,976	7.09%	5,003,976	7.11%
Chhaya Katkar	5,003,976	7.09%	5,003,976	7.11%
Sequoia Capital India Investment Holdings III	3,665,410	5.19%	3,665,410	5.21%

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

Notes Forming Part of Standalone Financial Statements
for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

(f) Shares reserved for issue under option

For details of shares reserved for issue under ESOP of the Company, please refer note 32.

(g) Buyback of shares

The Board of Directors of the Company at its meeting held on March 5, 2019 and the shareholders by way of postal ballot on April 13, 2019, approved the buy back of the Company's fully paid equity shares of the face value of INR 10 each from its shareholder/beneficial owners of equity shares of the Company including promoters and promoter group of the Company as on the record date, on a proportionate basis through the "tender offer" route at a price of INR 275 per share for an aggregate amount not exceeding INR 1,750. The Company had filed the draft letter of offer (DLoF) with Securities and Exchange Board of India (SEBI) on April 24, 2019. Further, the Company has received final SEBI observations on the DLoF, and shall be dispatching the Letter of Offer for the Buyback to the eligible shareholders appearing on the record date of April 26, 2019, on or before May 13, 2019.

17. Other equity

	As at March 31, 2019	As at March 31, 2018
(a) Retained earnings		
Balance as at the beginning of the year	3,884.34	3,299.40
Add: Amount transferred from surplus balance in the statement of profit and loss	836.41	796.13
Less: Appropriations		
Final equity dividend [amount per share INR 3 (March 31, 2018: INR 2.50)]	211.39	175.47
Tax on final dividend	43.03	35.72
Balance as at end of the year	**4,466.33**	**3,884.34**
(b) Securities premium		
Balance as at the beginning of the year	2,327.92	2,297.36
Add: Additions on ESOPs exercised	12.53	22.94
Add: Additions on fresh issue of equity shares	-	-
Add: Transferred from ESOP account	2.93	7.62
Balance as at end of the year	**2,343.38**	**2,327.92**
(c) Amalgamation reserve		
Balance as at the beginning of the year	26.45	26.45
Add: Additions during the year	-	-
Balance as at end of the year	**26.45**	**26.45**
(d) General reserve		
Balance as at the beginning of the year	450.26	450.26
Add: Amount transferred from surplus balance in the statement of profit and loss	-	-
Balance as at end of the year	**450.26**	**450.26**
(e) Other reserve		
(i) ESOP account		
Balance as at the beginning of the year	14.63	15.00
Add: Additions during the year	10.68	7.25
Less: Transfer to securities premium on exercise of stock options	(2.93)	(7.62)
Balance as at end of the year	**22.38**	**14.63**
(ii) FVTOCI reserve		
Balance as at the beginning of the year	(36.16)	0.97
Add: Additions during the year	(29.52)	(37.13)
Balance as at end of the year	**(65.68)**	**(36.16)**
Total (i+ii)	**(43.30)**	**(21.53)**

Notes Forming Part of Standalone Financial Statements
for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

17. Other equity (Contd.)

Retained earnings

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

Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Amalgamation reserve

Pursuant to the scheme of amalgamation ("the Scheme") sanctioned by the Honourable High Court of Bombay vide Order dated April 8, 2011, Cat Labs Private Limited (CLPL), subsidiary of the Company, had been merged with the Company with effect from April 1, 2010, the Appointed Date. The Company completed the process of amalgamation on May 2, 2011 on filing of above Court Orders with the Registrar of Companies. Accordingly, an amount of INR 26.45 was recorded as amalgamation reserve.

General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Employee stock options outstanding account

The Company has two employee stock option schemes under which options to subscribe for the Company's shares have been granted to certain executives and senior employees. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer note 32 for further details of these plans.

FVTOCI reserve

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Distribution made and proposed	Year ended March 31, 2019	Year ended March 31, 2018
Cash dividends on equity shares declared and paid:		
Final cash dividend for the year ended on March 31, 2018: INR 3 per share (March 31, 2017: INR 2.50 per share)	211.39	175.47
Dividend distribution tax on proposed dividend	43.03	35.72
Proposed dividend on equity shares:		
Final cash dividend for the period ended on March 31, 2019: INR 2 per share (March 31, 2018: INR 3 per share)	141.13	211.16
Dividend distribution tax on proposed dividend	28.73	42.99

18. Trade payables

	As at March 31, 2019	As at March 31, 2018
Total outstanding dues to micro enterprises and small enterprises (refer note 34)	0.37	-
Total outstanding dues creditors other than micro enterprises and small enterprises*	384.46	322.72
Total	**384.83**	**322.72**

* Includes amount payable to independent directors (refer note 43)

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

19. Other current financial liabilities

	As at March 31, 2019	As at March 31, 2018
Other financial liabilities at amortised cost		
Payables for purchases of fixed assets	33.75	11.71
Payables to subsidiaries (refer note 42 and 43)	-	3.62
Unpaid dividend	0.48	0.28
Total	**34.23**	**15.61**

20. Other liabilities

	As at March 31, 2019	As at March 31, 2018
Current		
Deferred revenue (refer note 23)	21.60	17.80
Tax deducted at source payable	13.84	17.22
GST / Vat payable	87.05	89.71
Other liabilities (includes advances from customers, security deposit and provident fund and other taxes)	9.00	6.51
Total	**131.49**	**131.24**
Non - current		
Security deposit	19.53	-
Total	**19.53**	**-**
Total current	**131.49**	**131.24**
Total non - current	**19.53**	**-**

Terms and conditions of the above financial and other liabilities:

- Trade payables are non-interest bearing and have an average term of 60 days.
- Payables for purchases of fixed assets are non interest bearing and have an average term of 90 days.
- Other liabilities (other than taxes and deferred revenue) are non interest bearing and have an average term of 45 days.
- Taxes such as tax deducted at source and goods and service tax / vat payable, provident fund and other taxes are non interest bearing and are generally paid within the due date.

21. Net employee defined benefit liabilities

	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits		
Current		
Provision for gratuity (refer note 31)	13.00	6.50
Provision for leave benefits	8.12	6.60
Total	**21.12**	**13.10**
Non - current		
Provision for gratuity (refer note 31)	18.37	21.04
Total	**18.37**	**21.04**
Total current	**21.12**	**13.10**
Total non - current	**18.37**	**21.04**

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

22. Current tax liabilities

	As at March 31, 2019	As at March 31, 2018
Current tax liabilities (net of advance tax)	13.03	62.08
Total	**13.03**	**62.08**

23. Revenue from operations (net)

	Year ended March 31, 2019	Year ended March 31, 2018
Sale of security software products	3,096.99	3,148.12
Sale of software support services	32.04	14.10
Total	**3,129.03**	**3,162.22**

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers by geography and details of products and services sold. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

	Year ended March 31, 2019
Revenue by Geography	
From India	3,040.89
From outside India	88.14
Total	**3,129.03**
Revenue by type of products and services sold	
Security software product and licenses	3,096.99
Software support & services	32.04
Total	**3,129.03**

Changes in deferred revenue are as follows:

	Year ended March 31, 2019
Balance at the beginning of the year	17.80
Less: Revenue recognized during the year	4.12
Add: Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	7.92
Balance at the end of the year	**21.60**

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as of the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue.

The aggregate value of performance obligations that are completely or partially unsatisfied as of March 31, 2019, is INR 21.60. Out of this, the Company expects to recognize revenue of around INR 21.60 within one to three years respectively, depending on the license period.

The impact on account of applying the erstwhile Ind AS 18 Revenue standard instead of Ind AS 115 Revenue from contract with customers on the financial statements of the Company for the year ended March 31, 2019 is insignificant.

The Company has applied Ind AS 115 for the first time for the year ended March 31, 2019 and accordingly disclosures for 'Disaggregated revenue information has been furnished only for year ended March 31, 2019.

Notes Forming Part of Standalone Financial Statements
for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

24. Other income

	Year ended March 31, 2019	Year ended March 31, 2018
Interest income on		
Bank deposits	106.50	100.55
Income tax refund	-	0.67
Others	3.55	0.06
Dividend income on current investments	148.01	102.61
Net gain on sale of current investments	0.42	2.30
Profit on sale of fixed assets (net)	21.28	0.54
Foreign exchange gains (net)	1.34	3.31
Fair value gain on financial instruments at fair value through profit and loss *	16.53	5.13
Service tax credit	-	65.96
Miscellaneous income	27.37	17.62
Total	**325.00**	**298.75**

* Fair value gain on financial instruments at fair value through profit and loss relates to mutual fund.

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

	Year ended March 31, 2019	Year ended March 31, 2018
(a) Cost of materials consumed		
Inventory at the beginning of the year	29.33	32.38
Add: Purchases	8.93	7.50
Less: Inventory at end of the year	8.75	29.33
Sub-total	**29.51**	**10.55**
(b) Purchase of security software products		
Security software products	114.26	93.96
Sub-total	**114.26**	**93.96**
(c) (Increase)/decrease in security software products		
Inventory at the beginning of the year	17.82	39.84
Less: Inventory at end of the year	32.66	17.82
Sub-total	**(14.84)**	**22.02**
Total	**128.93**	**126.53**

	Year ended March 31, 2019	Year ended March 31, 2018
Details of raw materials consumed		
Security software devices - Unified Threat Management (UTM)	29.51	10.55
	29.51	**10.55**

Details of inventory

	As at March 31, 2019	As at March 31, 2018
Raw materials		
Security software devices - Unified Threat Management (UTM)	8.75	29.33
	8.75	**29.33**
Finished goods		
Security software products	32.66	17.82
	32.66	**17.82**

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

26. Employee benefits expense

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus	898.49	917.06
Contribution to provident and other funds	24.52	28.41
Gratuity expenses (refer note 31)	15.60	19.78
Staff welfare expenses	22.09	24.26
Employee share based payment expenses (refer note 32)	10.68	7.25
Total	**971.38**	**996.76**

27. Depreciation and amortisation expense

	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation on property, plant and equipment (refer note 5)	179.04	235.45
Amortization of intangible assets (refer note 6)	56.23	33.37
Total	**235.27**	**268.82**

28. Other expenses

	Year ended March 31, 2019	Year ended March 31, 2018
Web publishing expenses	16.45	29.59
Technology subscription & Fees for technical service	81.98	111.41
Power and fuel	38.51	39.04
Rent (refer note 33 (a))	12.48	18.43
Rates and taxes	12.74	12.19
Insurance	5.71	7.80
Repairs and maintenance		
Buildings	9.92	12.94
Others	20.26	18.52
Corporate Social Responsibility (CSR) expenditure (refer note 41)	14.20	10.83
Commission to independent directors (refer note 43)	2.70	2.60
Directors' sitting fees	1.32	0.90
Business promotion expenses	74.41	106.89
Advertisement and sales promotion	219.26	190.35
Freight and forwarding charges	7.85	8.31
Travelling and conveyance	30.13	28.15
Communication costs	57.37	50.20
Office expenses	35.67	46.03
Donations	0.10	-
Legal and professional fees	49.68	64.21
Payment to statutory auditor (refer details below)	3.96	4.54
Property, plant and equipment written off	2.04	-
Provision for doubtful debts and advances	17.16	24.36
Bad debts written off	1.10	-
Miscellaneous expenses	19.58	14.33
Total	**734.58**	**801.62**
Payment to auditor (excluding service tax and Goods and service tax)		
As auditor:		
Audit fees	1.10	1.20
Limited review	2.40	3.00
In other capacity:		
Others (including certification fees)	0.35	0.24
Reimbursement of expenses	0.11	0.10
Total	**3.96**	**4.54**

Notes Forming Part of Standalone Financial Statements
for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

29. Income tax

The major components of income tax expense for the years ended March 31, 2019 and March 31, 2018 are:

Statement of profit and loss section	March 31, 2019	March 31, 2018
Current income tax:		
Current income tax charge	446.36	363.68
Adjustment in respect of current tax of previous years	45.99	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(41.29)	39.69
Income tax expense reported in the statement of profit and loss	**451.06**	**403.37**
OCI Section		
Deferred tax related to items recognised in OCI during the year		
Net loss/(gain) on actuarial gains and losses	(1.71)	3.91
Net loss/(gain) on FVTOCI investments	-	-
Income tax charged to OCI	**(1.71)**	**3.91**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended

	March 31, 2019	March 31, 2018
Accounting profit before tax	1,290.70	1,192.15
At India's statutory income tax rate of 34.944% (March 31, 2018: 34.608%)	451.02	412.58
Adjustments of tax relating to earlier periods (Current and deferred)	21.69	-
CSR expenditure	2.48	1.87
Dividend income	(51.72)	(35.51)
Deferred tax on investment at different rates	-	(0.03)
Tax impact on impairment of subsidiaries	31.80	25.99
Other non-deductible expenses	(4.21)	(1.52)
***At the effective income tax rate of 32.594% [March 31, 2018: 33.836%]**	**451.06**	**403.37**
(Calculated on PBT after exceptional items)		
Income tax expense reported in the statement of profit and loss	**451.06**	**403.37**

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

29. Income tax (contd.)

Deferred tax relates to the following:

	Balance sheet		Statement of profit and loss	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Accelerated depreciation for tax purposes	(44.21)	(60.09)	(15.88)	24.41
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	37.22	17.40	(19.82)	13.09
Provision for doubtful debts and advances	94.06	87.22	(6.84)	(8.43)
Deferred revenue	7.55	6.15	(1.40)	13.81
Investment in mutual fund	(5.28)	(2.64)	2.64	(3.19)
Deferred tax on gratuity expense, recycled from profit and loss to other comprehensive income	(2.65)	(4.34)		
Net deferred tax expense / (income)	**86.69**	**43.70**	**(41.29)**	**39.69**
Net deferred tax assets / (liabilities)	**86.69**	**43.70**	**-**	**-**

Reflected in the balance sheet as follows:

	March 31, 2019	March 31, 2018
Deferred tax liabilities	(52.14)	(67.07)
Deferred tax assets	138.83	110.77
Deferred tax assets, net	**86.69**	**43.70**

Reconciliation of deferred tax assets, net

	March 31, 2019	March 31, 2018
Opening balance as of April 1	43.70	87.30
Tax (income) during the period recognised in statement of profit and loss	(41.29)	39.69
Tax expense during the period recognised in OCI	(1.71)	3.91
Closing balance	**86.69**	**43.70**

The Company offsets the tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

30. Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on exercise of stock option.

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

		Year ended March 31, 2019	Year ended March 31, 2018
Net profit after tax attributable to equity shareholders of the Company	(A)	839.64	788.78
Weighted average number of equity shares in calculating basic EPS	(B)	70,497,783	70,226,215
Effect of dilution:			
Stock options granted under ESOP (in numbers)	(C)	43,014	175,830
Weighted average number of equity shares adjusted for the effect of dilution*	D=(B+C)	70,540,797	70,402,045
Basic earning per share of face value of INR 10 each (in INR)	**(A/B)**	**11.91**	**11.23**
Diluted earnings per share of face value of INR 10 each (in INR)	**(A/D)**	**11.90**	**11.20**

* There have been no transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of these financial statements.

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

31. Gratuity benefit plans

The Company has a defined benefit gratuity plan (funded) for its employees. The Company's defined benefit gratuity plan is a final salary plan for its employees, which requires contributions to be made to a separately administered fund. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and the amounts recognised in the balance sheet for the gratuity plan.

	Year ended March 31, 2019	Year ended March 31, 2018
Statement of profit and loss:		
Current service cost	14.21	16.22
Past service cost	-	1.95
Net interest (income) / expense	1.39	1.61
Net benefit expense recognised in the statement of profit and loss	**15.60**	**19.78**
Amount recorded in other comprehensive income:		
Measurement during the period due to:		
Actuarial gain / (loss) arising from change in financial assumptions on plan assets	0.13	(0.23)
Actuarial gain / (loss) arising on account of experience changes on plan assets	0.28	0.74
Actuarial gain / (loss) arising on account of experience changes on plan liabilities	(4.23)	5.31
Actuarial gain / (loss) arising on account of demographic changes on plan liabilities	0.71	1.92
Actuarial gain / (loss) arising on account of financial assumptions on plan liabilities	(1.83)	3.52
Total amount recognised in OCI	**(4.94)**	**11.26**

	As at March 31, 2019	As at March 31, 2018
Reconciliation of net (liability) / asset:		
Opening net defined benefit (liability) / asset	(27.54)	(27.73)
Expense charged to statement of profit and loss	(15.60)	(19.78)
Amount recognised in OCI	(4.94)	11.26
Employer contribution	17.55	9.52
Mortality charges and taxes	(0.84)	(0.81)
Closing net defined benefit (liability)	**(31.37)**	**(27.54)**
Changes in the present value of the defined benefit obligation (DBO) are as follows:		
Opening DBO	(57.44)	(59.66)
Interest cost	(3.80)	(3.71)
Current service cost	(14.21)	(16.22)
Past service cost	-	(1.95)
Benefits paid	12.21	13.35
Remeasurement during the period due to:		
Actuarial gain / (loss) arising on account of experience changes on plan liabilities	(4.23)	5.31
Actuarial (loss) / gain arising from change in demographic assumptions	0.71	1.92
Actuarial gain / (loss) arising on account of experience changes	(1.83)	3.52
Closing defined benefit (obligation) / asset recognised in balance sheet	**(68.59)**	**(57.44)**

Notes Forming Part of Standalone Financial Statements
for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

31. Gratuity benefit plans (Contd.)

	As at March 31, 2019	As at March 31, 2018
Changes in the fair value of plan assets:		
Opening fair value of plan assets	29.90	31.93
Interest income	2.41	2.10
Contributions by employer	17.55	9.52
Mortality charges and taxes	(0.84)	(0.81)
Benefits paid	(12.21)	(13.35)
Actuarial gain / (loss) arising from change in financial assumptions on plan assets	0.13	(0.23)
Actuarial gain / (loss) arising on account of experience changes on plan assets	0.28	0.74
Closing fair value of plan assets	**37.22**	**29.90**
Actual return on plan assets	**2.83**	**2.61**
Net defined benefit liability		
DBO	(68.59)	(57.44)
Fair value of plan assets	37.22	29.90
Closing net defined benefit liability	**(31.37)**	**(27.54)**
Net liability is bifurcated as follows:		
Current*	**(13.00)**	**(6.50)**
Non - current	**(18.37)**	**(21.04)**

* The Company expects to contribute INR 13.00 (March 31, 2018: INR 6.50) to gratuity in the next year.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2019	As at March 31, 2018
(i) Government of India Securities	0.00%	0.00%
(ii) Corporate bonds	0.00%	0.00%
(iii) Special deposit scheme	0.00%	0.00%
(iv) Insurer managed funds	100.00%	100.00%
Total	**100.00%**	**100.00%**

The principal assumptions used in determining gratuity obligations for the Company are shown below:

	As at March 31, 2019	As at March 31, 2018
Discount rate	7.00%	7.40%
Employee turnover	22.00%	22.00%
Expected rate of increment in compensation levels		
- First two years	10.00%	10.00%
- Thereafter	8.00%	8.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been no change in expected rate of return on assets

Notes Forming Part of Standalone Financial Statements
for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

31. Gratuity benefit plans (COntd.)

A quantitative sensitivity analysis for significant assumptions as at March 31, 2019 and March 31, 2018 is shown below:

	Sensitivity Level	Defined benefit obligation	
		As at March 31, 2019	As at March 31, 2018
Discount rate	1% decrease	71.63	59.95
	1% increase	65.90	55.22
Future salary increase	1% decrease	66.72	55.80
	1% increase	70.67	59.26
Withdrawal rate	1% decrease	68.71	57.54
	1% increase	68.58	57.44

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The followings are the expected future benefit payments for the defined benefit plan:

	As at March 31, 2019	As at March 31, 2018
Within the next 12 months (next annual reporting period)	10.91	9.40
Between 2 and 5 years	49.15	41.19
Beyond 5 years	63.90	56.32
Total expected payments	**123.96**	**106.91**

Weighted average duration of defined benefit plan obligation (based on discounted cash flows):

	As at March 31, 2019	As at March 31, 2018
Weighted average duration of defined benefit plan obligation	6.14 years	6.36 years

32. Share based arrangements

Share based payment arrangement 2010

On June 10, 2010, the Board of Directors approved the Equity Settled Share Based Payment Arrangement (SBPA), for issue of stock options to the employees and directors of the Company. According to the SBPA 2010, the employee selected by the Board of Directors from time to time will be entitled for scheme options, subject to satisfaction of the prescribed vesting conditions, viz., continued employment and performance parameters of employee. The contractual life (comprising the vesting period and the exercise period) of options and the other relevant terms of the grant are as below:

The Company has provided following share-based payment schemes to its employees:

Particulars	Details
Date of grant	June 10, 2010
Date of board approval	June 10, 2010
Date of shareholder's approval	June 10, 2010
Method of settlement	Equity
Vesting period	4 years
Exercise period	5 years from date of vesting
Expected life (in years)	
Grant I	5.85 - 7.35
Grant II	4.53 - 6.50
Grant III	3.95 - 6.50
Fair value of shares on date of grant	INR 37.50 - INR 115.24
Vesting conditions	Continued employment and performance of employee as per contract

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

32. Share based arrangements (contd.)

The vesting pattern of scheme is as follows:

Time period from the date of grant	Cumulative percentage of share vesting
12 months	25%
24 months	50%
36 months	75%
48 months	100%

The details of activities under the scheme have been summarized below:

	Year ended March 31, 2019		Year ended March 31, 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	100,661	55.96	287,117	69.89
Granted during the year	-	-	-	-
Forfeited during the year	1,125	110.00	22,162	100.32
Exercised during the year	95,096	56.33	164,294	74.52
Expired during the year	-	-	-	-
Outstanding at the end of the year	4,440	37.50	100,661	55.96
Exercisable at the end of the year	-	45.98	13,500	45.23

The details of exercise price for stock options outstanding at the end of the year are:

	As at March 31, 2019	As at March 31, 2018
Exercise price	37.50 - 110.00	37.50 - 110.00
Number of options outstanding (numbers)	4,440	100,661
Weighted average remaining contractual life of options (in years)	1.46	3.14
Weighted average exercise price	37.50	55.96

The weighted average share price at the date of exercise of these options, as at March 31, 2019 was INR 273.86

The weighted average share price at the date of exercise of these options, as at March 31, 2018 was INR 214.61.

Share based payment arrangement 2014

On February 6, 2014, the board of directors approved the Equity Settled ESOP Scheme 2014 ("ESOP Scheme 2014") for issue of stock options to the employees and directors of the Company. According to the ESOP Scheme 2014, the employee selected by the Board of Directors from time to time will be entitled for scheme options, subject to satisfaction of the prescribed vesting conditions, viz., continued employment and performance parameters of employee. The contractual life (comprising the vesting period and the exercise period) of options and the other relevant terms of the grant are as below:

Notes Forming Part of Standalone Financial Statements
for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

32. Share based arrangements (contd.)

The Company has provided following share-based payment schemes to its employees

Particulars	Details
Date of grant	February 6, 2014
Date of board approval	February 6, 2014
Date of shareholder's approval	February 6, 2014
Method of settlement	Equity
Vesting period	4 years
Exercise period	5 years from date of vesting
Expected life (in years)	
Grant IV	3.64 - 6.50
Grant V	3.50 - 6.50
Grant VI	3.50 - 6.50
Grant VII	3.50 - 6.50
Grant VIII	3.50 - 6.50
Grant IX	3.50 - 6.50
Grant X	3.64 - 6.64
Grant XI	3.50 - 6.51
Grant XII	3.76 - 6.76
Grant XIII	3.50 - 6.51
Grant XIV	3.50 - 6.51
Grant XV	3.50 - 6.51
Fair value of shares on date of grant	INR 115.24 - INR 294.33
Vesting conditions	Continued employment and performance of employee as per contract

The vesting pattern of scheme is as follows:

Time period from the date of grant	Cumulative percentage of share vesting
12 months	25%
24 months	50%
36 months	75%
48 months	100%

The details of activities under the scheme have been summarized below:

	Year ended March 31, 2019		Year ended March 31, 2018	
	Number of options	Weighted average exercise price (INR)	Number of options	Weighted average exercise price (INR)
Outstanding at the beginning of the year	396,365	175.95	566,547	152.64
Granted during the year	477,300	226.00	30,000	202.88
Forfeited during the year	80,563	184.84	78,498	118.09
Exercised during the year	81,875	111.14	121,684	111.38
Expired during the year			-	-
Outstanding at the end of the year	711,227	215.99	396,365	175.95
Exercisable at the end of the year	617,925	111.10	286,100	111.09

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for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

32. Share based arrangements (contd.)

The details of exercise price for stock options outstanding at the end of the year are:

	As at March 31, 2019	As at March 31, 2018
Exercise price (INR)	110.00 - 294.33	110.00 - 237.40
Number of options outstanding	711,227	396,365
Weighted average remaining contractual life of options (in years)	4.33	4.24
Weighted average exercise price (INR)	215.99	175.95

The weighted average share price at the date of exercise of these options, as at March 31, 2019 was INR 211.55

The weighted average share price at the date of exercise of these options, as at March 31, 2018 was INR 222.48

Manner in which the fair value of the stock option granted during the period was determined:

The weighted average fair value of stock options granted during the year was INR 66.61 (March 31, 2018: INR 65.26). The Black and Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	As at March 31, 2019	As at March 31, 2018
Weighted average share price (INR)	226.00	202.88
Exercise price (INR)	179.70	179.70
Expected volatility (%)	27%	27%
Historical volatility (%)	0%	0%
Life of the options granted (vesting and exercise period) (in years)	3.50 - 6.51 years	3.76 - 6.76 years
Average risk-free interest rate (%)	6.62%	6.62%
Dividend yield	1.21%	1.21%

The effect of share-based payment transactions on the entity's statement of profit and loss for the period and on its financial position:

	Year ended March 31, 2019	Year ended March 31, 2018
Expense arising from equity settled share based payment transaction	10.68	7.25

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

33. Commitments and contingencies

a. Operating lease - Company as a lessee

The Company has obtained office premises under operating lease agreements out of which there is a lease agreement for an office premise for 6 years with a lock-in period of 3 years. These are generally cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by lease agreements. There are no subleases. The details are as follows:

The lease rentals charged during the year is as under:

	Year ended March 31, 2019	Year ended March 31, 2018
Lease rentals recognised during the year	12.48	18.43

Future minimum rentals payable under non-cancellable operating lease:

	As at March 31, 2019	As at March 31, 2018
Within one year	3.37	1.05
After one year but not more than five years	6.42	-
More than five years	-	-
Total	**9.79**	**1.05**

Finance lease - Company as a lessee

The Company has finance leases contracts for building purchased during the financial year ended March 31, 2015. These leases involve upfront payment to the lessor as and by way of premium for grant of lease of the building by the lessor to the lessee. No lease rent was payable by the lessee to the lessor for grant of lease from lessee. There is no escalation clause and no minimum lease payments (MLP) under finance lease.

b. Commitments

	As at March 31, 2019	As at March 31, 2018
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided, net of advances	4.00	2.18
Other commitments:		
Commitments in relation to purchases	7.82	2.42
Financial support commitment (refer note A)		

Note A

The Company has provided letters committing continuing financial support to its subsidiaries; Quick Heal Technologies Japan K.K., Quick Heal Technologies Africa Limited, Quick Heal Technologies America Inc. and Seqrite Technologies DMCC to meet their day to day obligations / commitments; to the extent these entities may be unable to meet their obligations.

c. Contingent liabilities

	As at March 31, 2019	As at March 31, 2018
Claims against the Company not acknowledged as debts		
Service tax [Note (i)]	1,610.50	1,223.07
Total	**1,610.50**	**1,223.07**

i) During the year ended March 31, 2019, the Company has received statement of demand dated March 13, 2019, in relation to service tax under the provisions of Finance Act, 1994 for INR 387.43 (excluding interest and penalties) covering the period from April 1, 2016 to June 30, 2017 on supply of anti-virus software in Compact Disk. The Company is in the process of filing the reply for the same.

During the earlier years, the Company had received statement of demands in relation to service tax under the provisions of Finance Act, 1994 for INR 1,223.07 (excluding penalty of INR 626.97 and predeposit, if any) covering the period from March 1, 2011 to March 31, 2016 on supply of anti-virus software in Compact Disk. The 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.

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

Based on technical circular issued by government authorities and an independent legal opinion, the Company is confident of getting this claim set aside and accordingly no provision including interest and penalty has been recognised in the financial statement and the demand has been disclosed as contingent liability.

ii) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated February 28, 2019. As a matter of caution, the company has made a provision on a prospective basis from the date of the SC order. The company will update its provision, on receiving further clarity on the subject.

d. Other litigations

i) In the year 2016, one of the erstwhile distributor of the Company had filed a suit before the Civil Judge (Senior Division) at Serampore Court, Hooghly District, West Bengal against the Company and others, claiming Intellectual Property Rights to one of the brand names (Quick Heal - Total Security) and alleging illegal usage of said brand name by the Company. The case was dismissed by the Court, however later on was restored. The Company believes that the suit is false, frivolous and will contest the suit on merit. The Trade Mark is registered in name of the Company and thus, the Company believes that it has sufficient grounds to counter the litigations and has strong arguments on facts as well as on point of law.

ii) In February 2016, one of the erstwhile distributor instituted a suit at High Court, Calcutta against the Company and others claiming INR 16,100 for various reasons including loss of business profits, loss of capital assets & infrastructure etc. With respect to the above matters, the Company believes that the suit is frivolous and defending to seek the leave of the court for its dismissal. The Company also believes that they have sufficient grounds based on the facts as well as on point of law. Accordingly no provision in this regard has been recognised in the financial statements.

iii) One of the erstwhile vendor had filed a First information Report (FIR) in May 2016 at Uttarpara Police Station, West Bengal, against certain directors of the Company, their wives and other associates alleging embezzlement of his investment and misappropriation of shares. The police had filed the chargesheet. The Company, its directors and others had filed quashing applications before Hon'ble Calcutta High Court and obtained stay on proceedings before trial Court. The Company also believes that police have not conducted proper investigation and have not collected nor considered relevant records, documents, statements of witnesses and thus have sufficient and strong arguments on facts as well as on point of law.

34. Details of dues to micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)

	Year ended March 31, 2019	Year ended March 31, 2018
Total outstanding dues of micro and small enterprises	0.37	-
Details of dues to micro and small enterprises as defined under the MSMED Act, 2006 are as under:		
Principal amount due to suppliers under MSMED Act, 2006	0.37	-
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest paid to suppliers under MSMED Act, 2006 (other than section 16)		
Interest paid to suppliers under MSMED Act, 2006 (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, 2006 for the payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	-	-

The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.

Notes Forming Part of Standalone Financial Statements
for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

35. Value of imports calculated on CIF basis

	Year ended March 31, 2019	Year ended March 31, 2018
Purchase of raw materials - Security software devices - (UTM)	10.19	7.46
Total	**10.19**	**7.46**

36. Expenditure in foreign currency (accrual basis)

	Year ended March 31, 2019	Year ended March 31, 2018
Technology subscription charges	5.50	8.78
Fees for technical services	41.01	58.87
Professional charges	0.54	-
Travelling and conveyance	0.06	0.35
Web publishing expenses	-	0.01
Total	**47.11**	**68.01**

37. Earnings in foreign currency (accrual basis)

	Year ended March 31, 2019	Year ended March 31, 2018
Sale of software security products	78.98	71.66
Total	**78.98**	**71.66**

38. Net dividend remitted in foreign exchange:

	Year ended March 31, 2019	Year ended March 31, 2018
Period to which it relates	2017-18	2016-17
Number of non- resident shareholders	354	333
Number of equity shares on which dividend was due	816,405	544,347
Amount remitted (in USD) *	-	-
Amount remitted (in INR)	-	-

* amount during the year ended March 31, 2019 remitted in Indian Rupees.

39. Utilization of money raised through public issue

During the year ended March 31, 2016, the Company has raised INR 4,512.53 through public issue, specifically to meet the following objects of the Offer. The utilisation of IPO proceeds during the year ended March 31, 2019 and March 31, 2018 against the following objects of the Offer is as follows:

	Fund allocated to the activities as per prospectus	Actual utilization up to March 31, 2019	Unutilised money as on March 31, 2019	Actual utilization up to March 31, 2018	Unutilised money as on March 31, 2018
Advertising and sales promotion	1,110.00	496.52	613.48	319.30	790.70
Capital expenditure on research and development	418.80	391.69	27.11	308.94	109.86
Purchase, development and renovation of office premises in Kolkata, Pune and New Delhi	275.95	188.72	87.23	188.72	87.23
General corporate purposes	537.76	285.64	252.12	133.53	404.23
Total	**2,342.51**	**1,362.57**	**979.94**	**950.49**	**1,392.02**

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

40. Details of investments made from unutilized portion of public issue raised during the year ended:

	As at March 31, 2019	As at March 31, 2018
Investments in fixed deposits of banks	993.00	1,405.00
Balance in current accounts	0.79	0.87
Total *	**993.79**	**1,405.87**

As per the objects of the offer stated in the prospectus the Total Net Proceeds received by Company by way of IPO should be deployed during the fiscal years 2016, 2017, 2018 and 2019.

However, if the funds are not utilized within prescribed period for reasons mentioned in prospectus, then such unutilized funds can be utilized in fiscal year 2020 or any subsequent period as may be determined by the company.

Based on the above, the Board of Directors of Company in the board meeting dated February 13, 2019 have decided to extend the utilization of Net Proceeds to the subsequent fiscal years upto March 31, 2021.

* includes in March 31, 2019: INR 13.85 (March 31, 2018: INR 13.85) spent by the Company from bank accounts other than the IPO account.

41. Corporate Social Responsibility expenditure

	Year ended March 31, 2019	Year ended March 31, 2018
(a) Gross amount required to be spent by the Company during the year	20.93	17.97

	Year ended March 31, 2019			Year ended March 31, 2018		
(b) Amount spent during the year	Paid	Yet to be paid	Total	Paid	Yet to be paid	Total
1. For the purpose of education and social activity	14.20	-	14.20	10.83	-	10.83

42. Particulars of unhedged foreign currency exposures as at the balance sheet date

		As at March 31, 2019		As at March 31, 2018	
	Foreign currency	In foreign currency	In Indian Rupees	In foreign currency	In Indian Rupees
Bank balances	USD	0.04	2.69	0.02	1.31
Cheques on hand	USD	-	-	0.03	1.75
Cash balances	EUR	-	0.14	0.00	0.04
	USD	-	0.01	0.00	0.08
	JPY	0.02	0.01	0.07	0.04
Trade receivables	USD	0.22	14.99	0.21	13.79
	JPY	1.33	0.83	11.66	7.13
	AED	0.06	1.07	0.26	4.68
	KES	4.80	3.28	0.62	0.39
Trade payables	USD	-	-	0.12	8.00
Investment (gross)	JPY	230.00	139.22	200.00	120.25
	AED	0.30	5.62	0.30	5.62
	USD	0.79	53.64	0.79	53.64
	KES	113.68	76.80	113.68	76.80
Advances receivable / (payable)	USD	-	-	(0.00)	(0.07)
Advances from subsidiaries	USD	-	-	0.06	3.62

* The unhedged foreign currency exposure in relation to certain foreign currency balances (SGD, BDT, etc.) have not been included in the above disclosures since the figures have been disclosed in millions.

Notes Forming Part of Standalone Financial Statements
for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

43. Related party transaction

List of related parties as per the requirements of Ind AS 24 - Related Party Disclosures

Related parties where control exists	
Wholly owned subsidiaries	Quick Heal Technologies America Inc., USA
	Quick Heal Technologies Japan K.K., Japan
	Quick Heal Technologies Africa Limited, Kenya
	Quick Heal Technologies (MENA) FZE, UAE (Deregistered on February 28, 2018)
	Seqrite Technologies DMCC, UAE

Related parties with whom transactions have taken place during the year	
Key management personnel	Kailash Katkar, Managing Director, Chief Executive Officer and ultimate holding shareholder
	Sanjay Katkar, Joint Managing Director, Chief Technical Officer and ultimate holding shareholder
	Vijay Mhaskar, Chief Operating Officer
	Nitin Kulkarni, Chief Financial Officer (w.e.f. May 10, 2018)
	Srinivasa Rao Anasingaraju (w.e.f. May 10, 2019)
	Rajesh Ghonasgi, Chief Financial Officer (upto February 28, 2018)
	Raghav Mulay, Company Secretary (upto January 16, 2019)
	Vijay Shirode, Company Secretary (upto June 30, 2017)
	Mehul Savla, Independent Director
	Apurva Joshi, Independent Director
	Pradeep Bhide, Independent Director (upto April 01, 2019)
	Sunil Sethy, Independent Director (upto April 24, 2018)
	Priti Rao, Independent Director (w.e.f. April 10, 2018)
	Shailesh Lakhani, Non-Executive Director
	Manu Parpia, Independent Director (w.e.f May 10, 2018)
	Abhijit Jorvekar, Executive Director and Vice President Sales and Marketing (upto October 12, 2017)
Relatives of key management personnel	Anupama Katkar (wife of Kailash Katkar and ultimate holding shareholder)
	Chhaya Katkar (wife of Sanjay Katkar and ultimate holding shareholder)
	Sneha Katkar (daughter of Kailash Katkar and ultimate holding shareholder)
Enterprises owned by directors or major shareholders	Kailash Sahebrao Katkar HUF
	Sanjay Sahebrao Katkar HUF
	Quick Heal Foundation

Transactions with related parties and year end balances:

Nature of transaction	Name of the related party	Year ended March 31, 2019	Year ended March 31, 2018
Compensation paid to Key Management Personnel	Kailash Katkar	13.60	12.49
	Sanjay Katkar	13.69	12.49
	Vijay Mhaskar	11.18	9.90
	Nitin Kulkarni	4.67	-
	Abhijit Jorvekar	-	4.40
	Anupama Katkar	4.06	3.53
	Rajesh Ghonasgi	-	14.37
	Raghav Mulay	0.85	0.88
	Vijay Shirode	-	0.34
	Sneha Katkar	0.65	0.19
Sub-total		**48.70**	**58.59**
Directors' sitting fee	Pradeep Bhide	0.25	0.28
	Sunil Sethy	-	0.21
	Mehul Savla	0.20	0.15
	Apurva Joshi	0.30	0.20
	Manu Parpia	0.23	-
	Priti Rao	0.28	-
	Abhijit Jorvekar	0.06	0.06
Sub-total		**1.32**	**0.90**
Commission to independent directors	Pradeep Bhide	0.54	0.86
	Sunil Sethy	-	0.60
	Mehul Savla	0.54	0.79
	Apurva Joshi	0.54	0.25
	Manu Parpia	0.54	-
	Priti Rao	0.54	-
	Abhijit Jorvekar	-	0.10
Sub-total		**2.70**	**2.60**
Total		**52.72**	**62.09**

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

43. Related party transaction (contd.)

Compensation of key managerial personal of the Company

	Year ended March 31, 2019	Year ended March 31, 2018
Short-term employee benefits (compensation)	48.70	58.59
Post - employment gratuity benefits	4.28	0.65
Leave benefits	0.20	0.14
Share-based payment transactions	-	0.31
Total compensation to key management personnel	**53.18**	**59.69**

* The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel. The remuneration and perquisites on account of ESOP to key management personnel does not include employee stock compensation expense. The non-executive and independent directors do not receive gratuity entitlements from the Company.

Share options held by executive members of the Board of Directors under the Share Based Payment arrangement to purchase equity shares have the following expiry dates and exercise prices:

Grant Date	Expiry Date *	Exercise Price	March 31, 2019 Number outstanding	March 31, 2018 Number outstanding
February 6, 2014	-	96.25	-	-
September 6, 2014	-	110.00	-	-
September 24, 2015	-	110.00	-	-
November 11, 2016		237.40	62,500	31,250
October 10, 2018	-	185.60	-	

* As per the Company policy, the option stands cancel or expire if the employee has not exercised the option within six months from the date of resignation.

Nature of transaction	Name of the related party	Year ended March 31, 2019	Year ended March 31, 2018
Rent paid	Kailash Katkar	0.96	0.96
	Anupama Katkar	-	0.14
	Chhaya Katkar	-	0.14
	Kailash Sahebrao Katkar HUF	0.80	0.99
	Sanjay Sahebrao Katkar HUF	1.09	0.99
		2.85	**3.22**
CSR contribution	Quick Heal Foundation	14.20	10.83
		14.20	**10.83**
Sale of security software products	Quick Heal Technologies America Inc.	5.51	3.21
	Quick Heal Technologies Japan K.K	1.41	10.67
	Seqrite Technologies DMCC, UAE	5.20	7.43
	Quick Heal Technologies Africa Limited	6.15	1.91
		18.27	**23.22**
Investments / (Disinvestments)	Quick Heal Technologies Japan K.K	18.97	11.90
	Quick Heal Technologies (MENA) FZE	-	(38.71)
	Quick Heal Technologies America Inc.	-	(8.51)
		18.97	**(35.32)**
Final equity dividend declared and paid for the financial year ended March 31, 2018 and March 31, 2017	Kailash Katkar	61.53	51.28
	Sanjay Katkar	61.53	51.28
	Anupama Katkar	15.01	12.51
	Chhaya Katkar	15.01	12.51
	Rajesh Ghonasgi	0.31	0.17
	Manu Parpia	0.11	-
	Abhijit Jorvekar	0.00	0.03
		153.50	**127.78**

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

43. Related party transaction (contd.)

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables, except for the commitments as disclosed in note 33(b)(A) . For the year ended March 31, 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2018: INR Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Balance outstanding

Nature of transaction	Name of the related party	As at March 31, 2019	As at March 31, 2018
Trade receivables	Quick Heal Technologies America Inc.	2.12	0.51
	Quick Heal Technologies Japan K.K	0.83	7.13
	Seqrite Technologies DMCC	1.07	4.68
	Quick Heal Technologies Africa Limited	3.28	0.39
		7.30	**12.71**
Advances payable to subsidiaries	Quick Heal Technologies Africa Limited	-	3.62
		-	**3.62**
Commission payable to independent directors	Pradeep Bhide	0.54	0.86
	Sunil Sethy	-	0.60
	Mehul Savla	0.54	0.79
	Apurva Joshi	0.54	0.25
	Manu Parpia	0.54	-
	Priti Rao	0.54	-
	Abhijit Jorvekar	-	0.10
		2.70	**2.60**

44 (a). Segment

The Company 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) as mentioned below. However, based on similarity of activities/ products, risk and reward structure, organisation structure and internal reporting systems, the Company 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".

- Retail
- Enterprise and Government
- Mobile

In accordance with paragraph 4 of Ind AS 108 'Operating segments', the Company has disclosed segment information only on the basis of the consolidated financial statement.

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

44 (b). Loans and advances given to subsidiaries and associates and firms / companies in which directors are interested

Advances given to wholly owned subsidiary

	Quick Heal Technologies Japan K.K.	Quick Heal Technologies America Inc.	Quick Heal Technologies Africa Limited	Quick Heal Technologies (MENA) FZE	Seqrite Technologies DMCC
Balance as at March 31, 2019	-	-	-	-	-
Maximum amount outstanding during the financial year 2018-19	0.01	-	-	-	0.04
Balance as at March 31, 2018	-	-	-	-	-
Maximum amount outstanding during the financial year 2017-18	0.46	0.06	-	0.04	0.10

44 (c). Exceptional items

Exceptional items includes impairment of investment in wholly owned subsidiaries amounting to INR 93.17 million (March 31, 2018: INR 75.09 million). The details are as follows:

Name of Subsidiary	Year ended March 31, 2019	Year ended March 31, 2018
Quick Heal Technologies Japan K.K., Japan	93.17	36.39
Quick Heal Technologies America Inc., USA	-	10.49
Quick Heal Technologies Africa Limited, Kenya	-	24.93
Quick Heal Technologies (MENA) FZE, UAE	-	3.28
Total	**93.17**	**75.09**

45. Fair values

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments as of March 31, 2019:

Particulars	Carrying value		Fair value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial assets				
Investments at amortised cost	58.38	34.49	58.38	34.49
Investments at FVTPL	3,840.02	3,000.78	3,840.02	3,000.78
Investments at FVTOCI	-	29.52	-	29.52
Loans and security deposits	10.18	11.31	10.18	11.31
Trade and other receivables	1,248.55	1,027.41	1,248.55	1,027.41
Cash and cash equivalents	80.11	83.47	80.11	83.47
Other bank balances	1,218.96	1,507.24	1,218.96	1,507.24
Other financial assets	34.64	41.92	34.64	41.92
Total	**6,490.84**	**5,736.14**	**6,490.84**	**5,736.14**
Financial liabilities				
Trade and other payables	384.83	322.72	384.83	322.72
Other financial liabilities	34.23	15.61	34.23	15.61
Total	**419.06**	**338.33**	**419.06**	**338.33**

The management assessed that the fair value of cash and cash equivalents, trade receivables, trade payables and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Notes Forming Part of Standalone Financial Statements
for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

45. Fair values (Contd.)

The following methods and assumptions were used to estimate the fair values:

(i) The fair value of the quoted mutual fund are based on the price quotations at reporting date. The fair value of unquoted instruments, related parties and other financial liabilities as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

(ii) The fair values of the unquoted equity shares, compulsory convertible preference shares have been estimated using a discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at March 31, 2019 and March 31, 2018 are as shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Unquoted equity shares in Smartalyse Technologies Private Limited	Discounted cash flow method	Weighted average cost of equity	March 31, 2019: 33.18% to 35.18%	1% increase in the WACC would decrease the fair value by INR 3.80 and 1% decrease would increase the fair value by INR 4.12.
		Long-term growth rate for cash flows	March 31, 2019: 4% to 6%	1% increase in the growth would increase the fair value by INR 1.87 and 1% decrease would decrease the fair value by INR 1.75.
		Long-term operating margin	March 31, 2019: 19.56% to 49.56%	15% increase in the margin would increase the fair value by INR 23 and 15% decrease would decrease the fair value by INR 23.
Unquoted equity shares in Smartalyse Technologies Private Limited	Discounted cash flow method	Weighted average cost of equity	March 31, 2018: 18.52% to 20.52%	1% increase in the WACC would decrease the fair value by INR 2.20 and 1% decrease would increase the fair value by INR 2.56.
		Long-term growth rate for cash flows	March 31, 2018: 5% to 7%	1% increase in the growth would increase the fair value by INR 1.84 and 1% decrease would decrease the fair value by INR 1.58
		Long-term operating margin	March 31, 2018: 28.20% to 58.20%	15% increase in the margin would increase the fair value by INR 8.22 and 15% decrease would decrease the fair value by INR 8.22.

Reconciliation of fair value measurement of financial assets classified as FVTOCI:

	Compulsory Convertible Preference Shares	Unquoted equity shares
As at April 1, 2017	3.55	**66.66**
Remeasurement recognised in OCI	(3.55)	(37.14)
Purchases	-	-
Sales	-	-
As at March 31, 2018	-	**29.52**
Remeasurement recognised in OCI	-	(29.52)
Purchases	-	-
Sales	-	-
As at March 31, 2019	-	-

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

46. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included with in Level 1 that the observable for the asset or liability, either directly (i.e. as pieces) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data unobservable inputs

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at March 31, 2019 and March 31, 2018.

Quantitative disclosures fair value measurement hierarchy for assets:

	Date of valuation	Fair value measurement using			
		Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through OCI					
Unquoted equity instruments in Smartalyse Technologies Private Limited					
As at March 31, 2019	March 31, 2019	-	-	-	-
As at March 31, 2018	March 31, 2018	29.52	-	-	29.52
Financial assets measured at fair value through profit and loss					
Mutual fund investments					
Fair value through profit or loss investments					
As at March 31, 2019	March 31, 2019	3,840.02	3,589.63	250.39	-
As at March 31, 2018	March 31, 2018	3,000.78	2,803.43	197.35	-

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

47. Financial instruments risk management objectives and policies

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include investments, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company does not have borrowings and derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include deposits, investments, receivables, payables, advances and other financial instruments. From the perspective of the Company, foreign currency risk is the most significant risk and the impact of interest rate risk and other price risk is not significant. The Company is not exposed to any material price risk.

The Company has certain financial assets and financial liabilities in foreign currencies which expose the Company to foreign currency risks. The foreign currency exposure of the Company has been disclosed in Note 42 to the financial statements.

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

48. Financial instruments risk management objectives and policies (contd.)

Foreign currency sensitivity

The Company does not take any steps to hedge the foreign currency exposure as mentioned above as the Management believes that there is natural hedge to some extent and balance exposure not really having significant impact on the financial health of the Company.

	Foreign currency	In foreign currency	Change in Currency rate	Effect on profit before tax	Effect on pre-tax equity
March 31, 2019	USD	1.04	4%	2.84	2.84
			-4%	-2.84	-2.84
	AED	0.36	4%	0.26	0.26
			-4%	-0.26	-0.26
	JPY	231.34	3%	4.43	4.43
			-3%	-4.43	-4.43
	KES	118.47	5%	-4.26	-4.26
			-5%	4.26	4.26
March 31, 2018	USD	1.23	3%	1.47	1.47
			-3%	-1.47	-1.47
	AED	0.56	2%	0.18	0.18
			-2%	-0.18	-0.18
	JPY	211.74	0%	0.23	0.23
			0%	-0.23	-0.23
	KES	114.29	3%	1.95	1.95
			-3%	-1.95	-1.95

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company follows simplified approach for recognition of impairment loss allowance on Trade receivable.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made with banks in terms of fixed deposits and investment in designated mutual funds. Investment decision in mutual fund is taken with the assistance from appointed agent. Credit risk on cash deposits is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Other investments primarily include investment in liquid mutual fund units of reputed companies where historically, the Company has not incurred any loss due to credit risk.

(c) Liquidity risk

The Company had no outstanding bank borrowings as of March 31, 2019 and March 31, 2018. The working capital as at March 31, 2019 was INR 5,686.87 (March 31, 2018: INR 5,080.28) including cash and cash equivalents.

As at March 31, 2019 and March 31, 2018, the outstanding employee obligations were INR 39.49 and INR 34.14 respectively which have been substantially funded. Accordingly, no significant liquidity risk is perceived.

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in INR Millions, unless otherwise stated)

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
As at March 31, 2019					
Trade payables	-	98.60	28.06	3.64	130.30
Other payables	-	254.47	-	0.06	254.53
Any other financial liabilities	-	25.76	0.15	8.32	34.23
Total	**-**	**378.83**	**28.21**	**12.02**	**419.06**
As at March 31, 2018					
Trade payables	-	84.45	9.59	1.19	95.22
Other payables	-	227.50	-	-	227.50
Any other financial liabilities	-	15.61	-	-	15.61
Total	**-**	**327.56**	**9.59**	**1.19**	**338.33**

Financial risk management

Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder's value. The Company manages its capital and makes adjustments to it in light of the changes in economic and market conditions. The total equity as at March 31, 2019 is INR 7,948.92 (March 31, 2018: INR 7,371.32).

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2019 and March 31, 2018.

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

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

For and on behalf of the Board of Directors of
Quick Heal Technologies Limited

per Tridevlal Khandelwal
Partner
Membership Number: 501160
Place: Pune
Date: May 10, 2019

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191
Place: Pune
Date: May 10, 2019

Sanjay Katkar
Joint Managing Director
& Chief Technical Officer
DIN: 00397277
Place: Pune
Date: May 10, 2019

Nitin Kulkarni
Chief Financial Officer
Place: Pune
Date: May 10, 2019

Srinivasa Rao Anasingaraju
Company Secretary
Regs. No. FCS-9901
Place: Pune
Date: May 10, 2019

Notes

Quick Heal Technologies Limited

E-mail: cs@quickheal.co.in Website: www.quickheal.com

FORM NO. MGT-11

Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rule, 2014]

CIN: : L72200MH1995PLC091408

Name of the Company: : Quick Heal Technologies Limited

Registered Address: : Marvel Edge, Office No. 7010 C & D 7th Floor, Viman Nagar, Pune - 411 014 Tel: (020)-66813232

Name of the Member(s) : ____________________

Registered Address : ____________________ Email Id: ____________________

Folio No / Client ID : ____________________ DP ID: ____________________

I / We being the member(s) of ____________ Equity Shares of Quick Heal Technologies Limited, hereby appoint

1. Name : ____________________
   Address : ____________________
   Email ID : ____________________, or failing him / her ____________________
   Signature

2. Name : ____________________
   Address : ____________________
   Email ID : ____________________, or failing him / her ____________________
   Signature

3. Name : ____________________
   Address : ____________________
   Email ID : ____________________, or failing him / her ____________________
   Signature

as my/ our proxy to attend and vote (on a poll) for me / us and on my/ our behalf at the 24th Annual General Meeting of the Company, to be held on Monday, July 15, 2019 at 11.00 AM at Ramee Grand Hotel & Spa, Plot. No. 587/3, CST No. 1221/C, Apte Road, Shivaji Nagar, Pune - 411 004, and at any adjournment thereof in respect of such resolutions as are indicated below:

1) Adoption of Audited Financial Statements as at 31st March, 2019 (Standalone and Consolidated) together with reports of Directors and Auditors thereon;
2) Declaration of dividend;
3) Appointment of a Director in place of Mr. Sanjay Katkar (DIN: 00397277), who retires by rotation and being eligible, offers himself for re-appointment;
4) Appointment of Statutory Auditors
5) Variation in IPO proceeds
6) Service of Documents through particular mode u/s 20 of Companies Act, 2013.
7) Appointment of Independent Director.
8) Ratification of Remuneration of Cost Auditor

Signed this ____________ day of ____________ 2019.

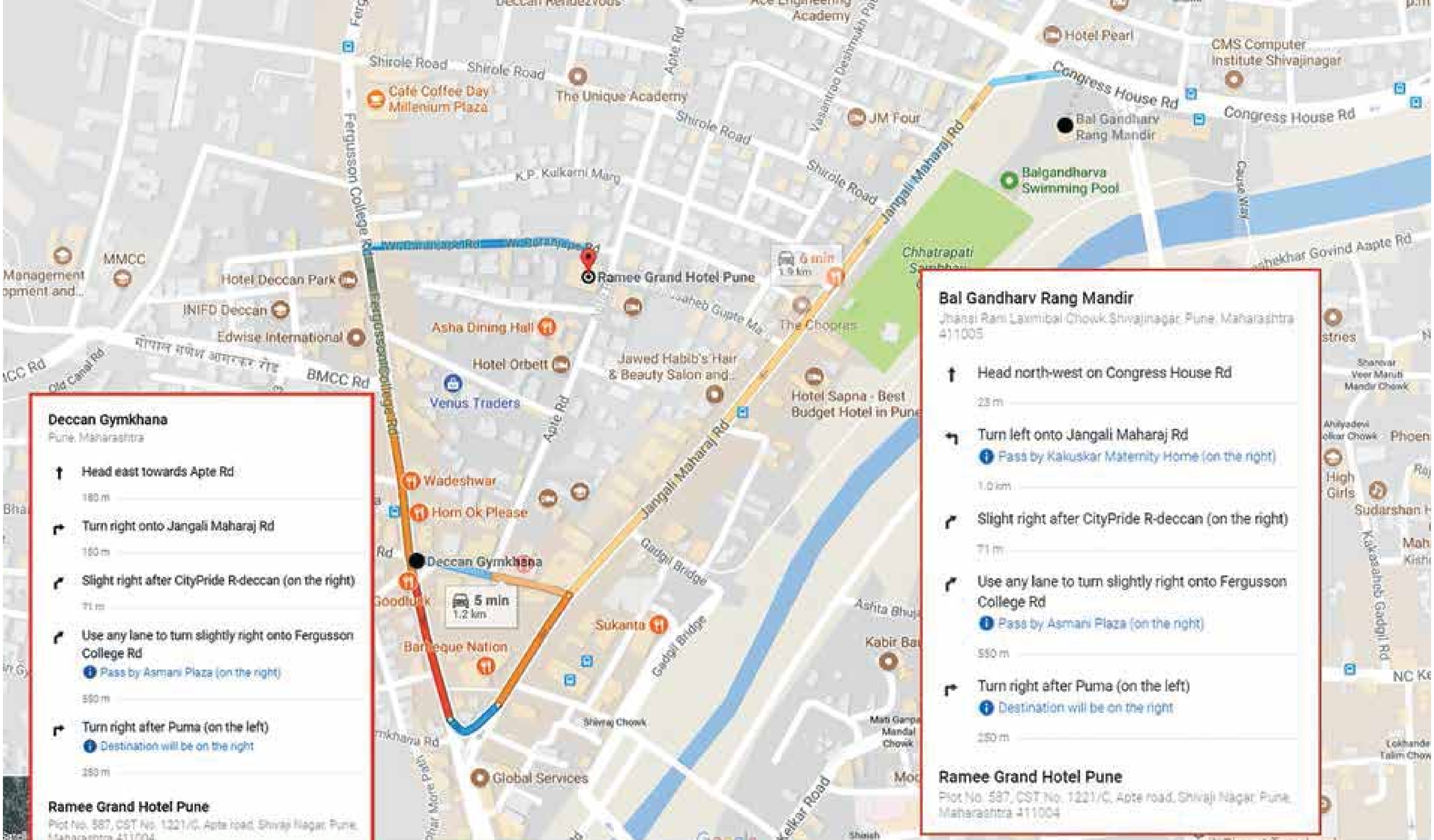
Signature of Shareholder: ____________________

Signature of proxy Holder: ____________________

Affix One Rupee Revenue Stamp

Note:

1. A proxy need not to be member of the Company, Pursuant to provisions of section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total share capital of the Company. Members holding more than ten percent of the total share capital of the Company may appoint a single person as proxy, who shall not act as proxy for another member.
2. This form of proxy in order to be effective should be duly completed and delivered to the registered office of the Company 48 hours before the date of Annual General Meeting.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
4. A member may vote either for or against each resolution.



24th Annual General Meeting
Monday, 15th July 2019
11:00 AM

Ramee Grand Hotel, Pune
Plot. No. 587/3, CST No. 1221/C, Apte Road, Shivaji Nagar,
Pune Maharastra 411 004

Quick Heal Technologies Limited
Regd. Office: Marvel Edge, Office No.7010 C & D, 7th Floor, Viman Nagar, Pune - 411014, India.
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