Quick Heal
Security Simplified

SEQRITE
EMPOWERING BUSINESSES WITH **RIGHT** IT SECURITY

25th Annual Report FY 2019-20

THE POWER OF 'TWO'

PARTNERING. SECURING. ENDURING.

ACROSS THE PAGES

Corporate Overview

Statutory Reports

Financial Statements

Please find our online version at
https://www.quickheal.co.in/investors/financial-information#annualResults
Or simply scan to download

Investor information

Market Capitalisation as at March 31, 2020	: **₹ 5,217 Million** (As per BSE data)
BSE Code	: **539678**
NSE Symbol	: **QUICKHEAL**
Bloomberg Code	: **QUICKHEA:IN**
Dividend Declared and Paid	: **₹ 4 per share (Interim Dividend)**
AGM Date	: **August 11, 2020**
AGM Mode	: **Through Video Conferencing (VC) / Other Audio Visual Means (OAVM)**

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 a number of 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 Discussion and Analysis of this Annual Report.

FINANCIAL HIGHLIGHTS 2019-20

₹ 2,861 Million+
Revenue in 2019-20

₹ 914 Million
EBITDA in 2019-20

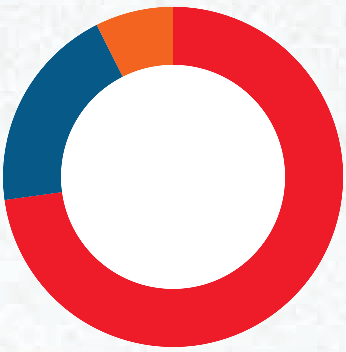
₹ 744 Million
PAT in 2019-20

9.7%
Return on Capital Employed in 2019-20

10.4%
Return on Equity in 2019-20

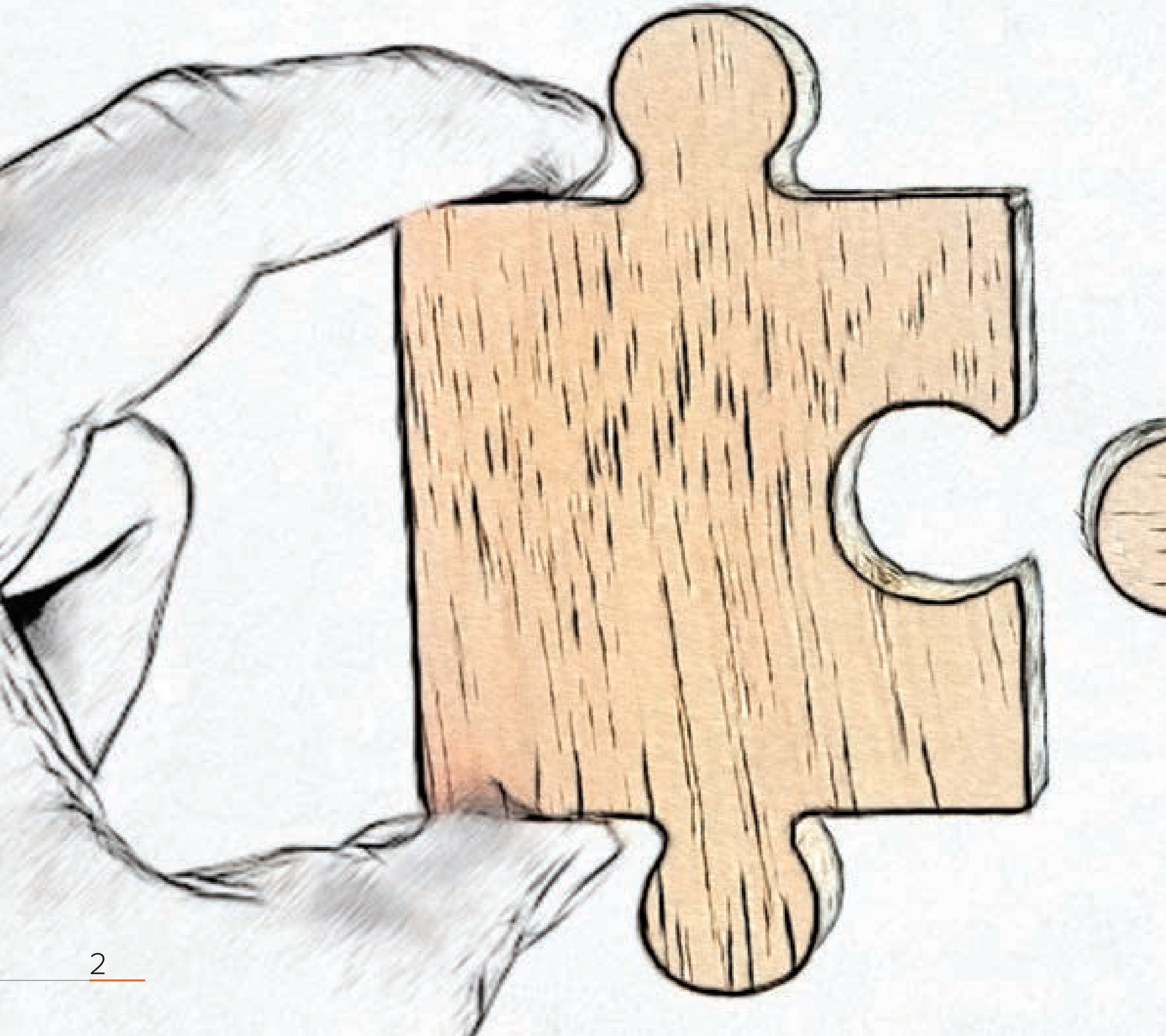
Note: The above figures are on consolidated basis

Shareholding Structure



- Promoter and promoter group 72.83%
- Public 19.76%
- Institutions 7.41%

THE POWER OF 'TWO' NEEDS NO SPECIAL INTRODUCTION.



We are familiar with the strong forces at play, when two entities, two points of view or two people come together to create something.

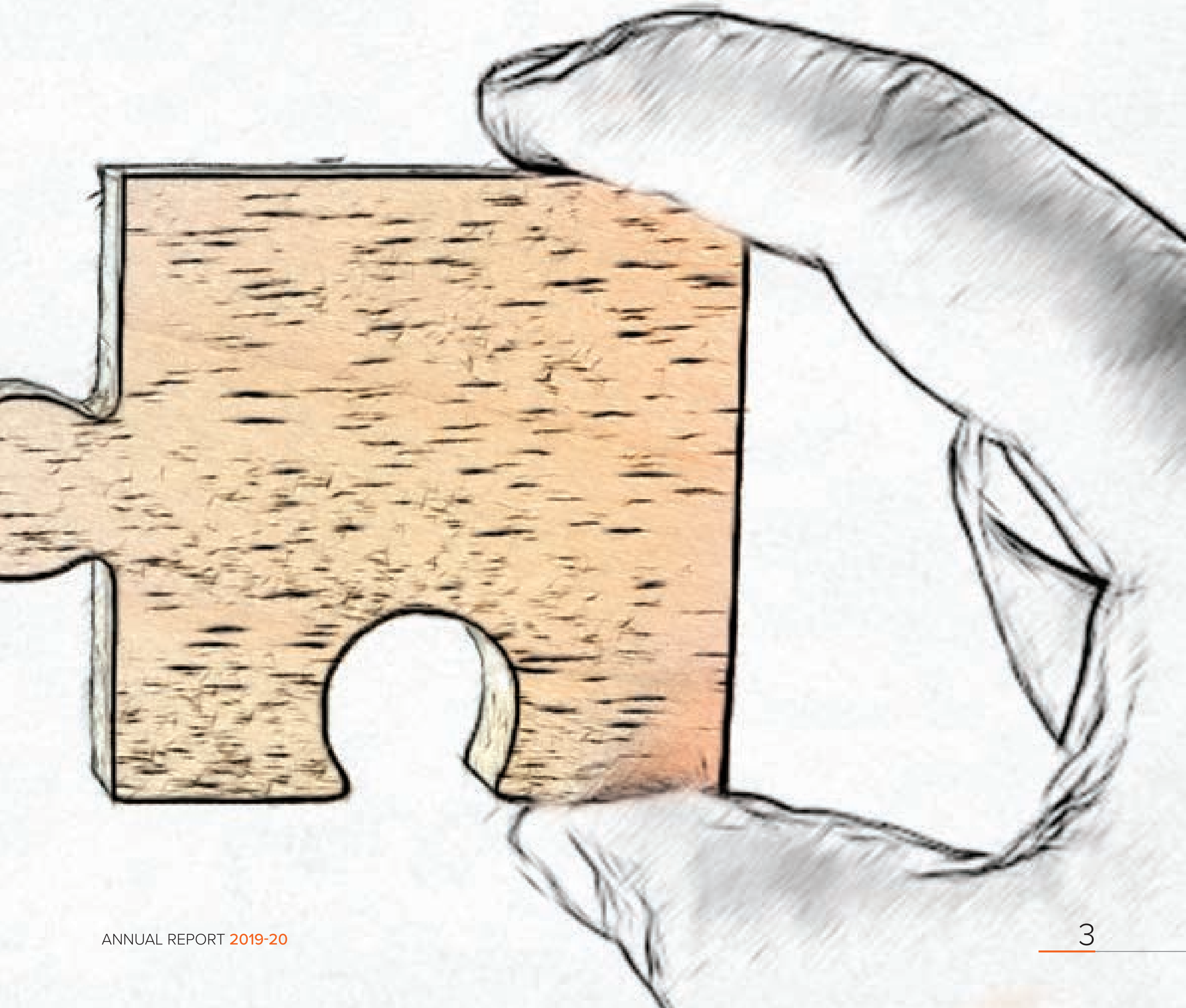
In common parlance, it is often referred to as **'The Power of Two'** or **'Partnerships'**.

This power compliments diverse thinking & skills to metamorphose into **stronger ideas** and penchant to challenge existing norms in order to create **positive outcomes**.

Be it the Wright brothers who changed the way we travel, Larry Page and Sergey Brin of Google who changed the landscape of modern Internet for us or be it Richard and Maurice McDonald of McDonald's who have completely revolutionised the fast food industry. The list is endless.

History is witness to the many marvels created by **'The Power of Two'**. However the unifying thread in all these **'partnerships'** is the kindred spirit to bring about change and making a paradigm shift. The undying passion of bringing their ideas to fruition despite all hurdles defines their innate character.

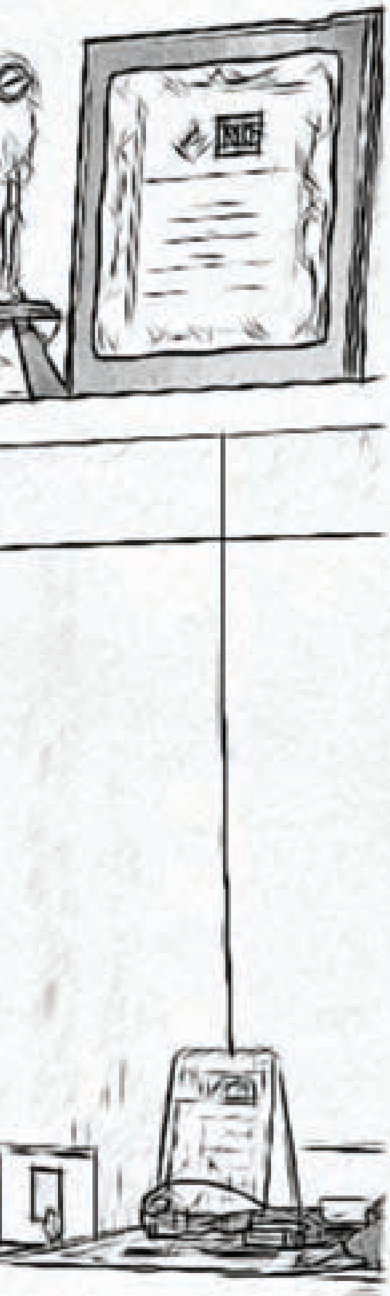
So what does it take to foster a strong partnership? Is it only the bond that the two people share, or is it more? Let's explore...



THE POWER OF 'TWO'

MORE THAN JUST HARBOURING A COMMON IDEA:

The story of Kailash Katkar and Sanjay Katkar



When two people, irrespective of their personal backgrounds, come together with a shared passion and a belief that they can change the world, it's only then the magical power of two comes to play. It definitely takes more than just harbouring a common idea.

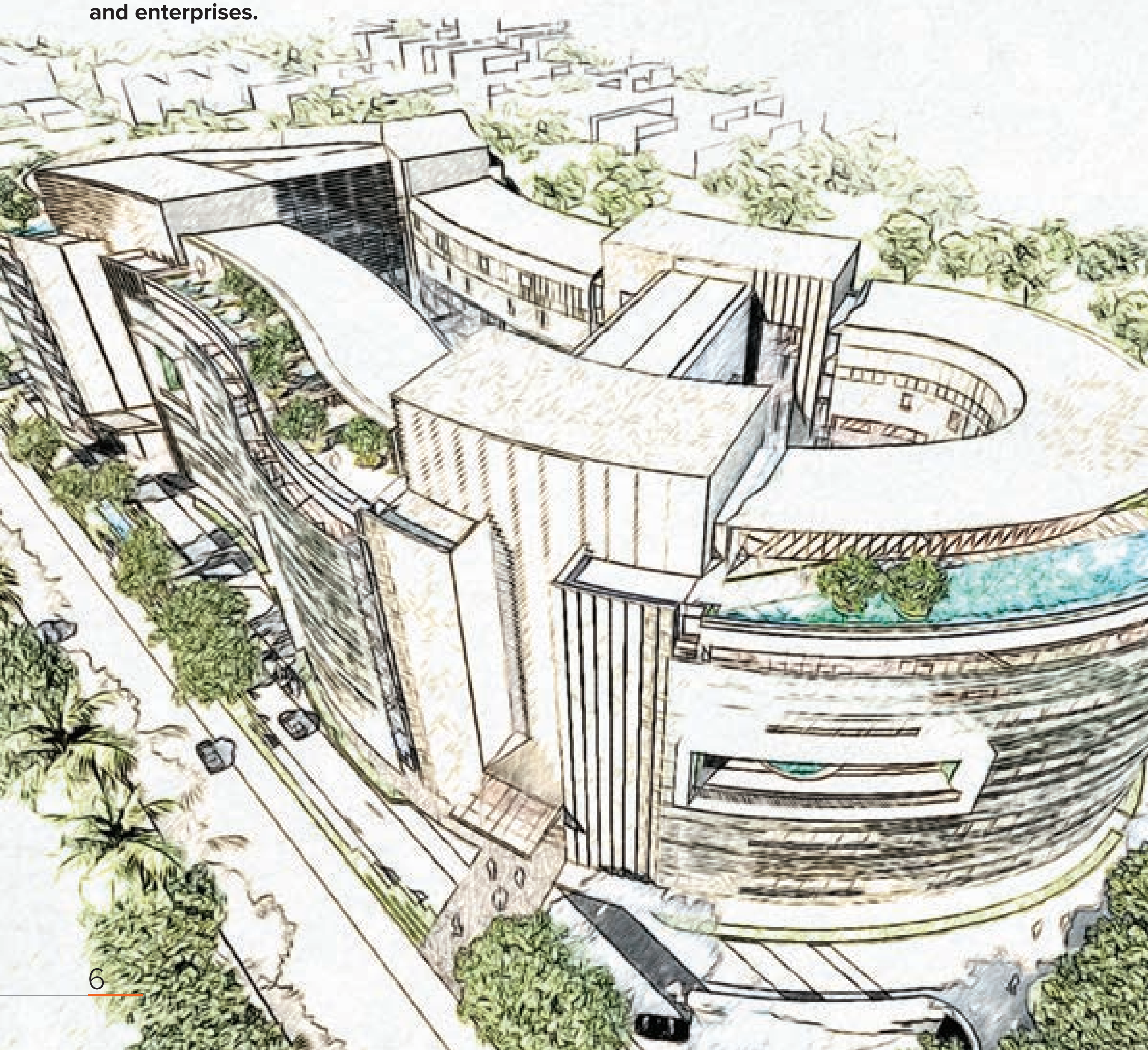
The story of Kailash Katkar and Sanjay Katkar of Quick Heal is not very different either. Two brothers from a humble background have created new space for cybersecurity in the Indian IT space. They are known as the pioneers of the Indian cybersecurity landscape, who have not only created great products but also have made Quick Heal a household name. They have fought against all odds and stood headstrong in their belief and they continue to do so.

Today, Quick Heal can boast of being the first Indian cybersecurity product company to be listed on the Bombay Stock Exchange and National Stock Exchange with a solid international footprint.

The journey of the Katkar brothers was besotted with hurdles. It wasn't a fairy tale. The 'Power of Two' was very clearly at work which helped them overcome their hurdles. Quick Heal would not have been what it is today, had it not been for Kailash's sharp business acumen coupled with Sanjay's technology expertise. The best the two have come together to create the best form of the two – Quick Heal.

QUICK HEAL INTRODUCTION

Quick Heal is one of the leading cybersecurity products & solutions company founded in 1995. With over two decades of experience, the Company has consistently catered the industry needs and customer requirements through continuous innovations and customised solutions. In doing so, it has further built a strong talent pool that is well versed in cybersecurity and has helped us configure solutions to secure businesses of all hues, critical infrastructure and consumer across the globe. The Company today boasts of millions of customers in the retail segment making Quick Heal the country's most trusted and leading retail antivirus brand. Seqrite offers next gen cybersecurity solutions for SMB and enterprises.



Quick Heal offers 11 variants across its antivirus portfolio serving multiple use cases in the retail segment. In the enterprise segment, Seqrite is expanding its portfolio that include Endpoint Security (on-premise and Cloud variants), Enterprise Mobility Management and Networks & Server Security.

25+

Years of innovation in the cybersecurity industry

40+ Countries

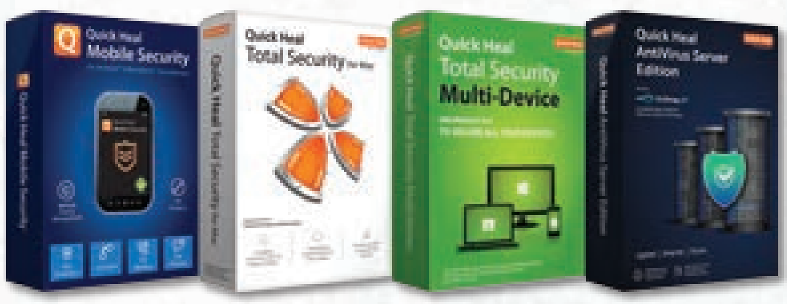
Global presence

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



THE POWER OF 'TWO'

The Wright Brothers: Wilbur and Orville Wright

Inventors and pioneers of aviation.

The idea

Milton Wright (father of Wilbur and Orville Wright) was a bishop in the Church of the United Brethren in Christ. His preaching took him on the road frequently, and he often brought back small toys for his children. In 1878, he brought back a small model helicopter for his boys. It was made of cork, bamboo and paper, and powered by a rubber band to twirl its blades. Fascinated by the toy and its mechanics, a lifelong love of aeronautics and flying was developed for the Wright Brothers.

Earlier days

Wilbur was academically strong and had planned to attend Yale University after high school. However he met with an accident while playing ice hockey in the winter of 1885-86. The incident plagued him into depression and changed his life forever.

Converting interest into invention

The Wright brothers had a common interest in working on mechanical projects and kept update with scientific developments. One such area of interest was the work of Otto Lilienthal, the German aviator. Post the death of Otto Lilienthal, the brothers took it upon themselves to design wings for flight. And the rest, as they say, is history. Their passion led them to emulate birds and develop a concept of wing warping. It eventually led to the first free and power-driven controlled flight, heavier than the air plane. On December 17, 1903 the Wright Brothers flew their plane for 59 seconds at 852 feet, an extraordinary development.

QUICK HEAL'S PARTNERSHIP WITH CONSUMERS AND ENTERPRISES

Quick Heal
Security Simplified

SEQRITE
EMPOWERING BUSINESSES WITH **RIGHT** IT SECURITY

The new India reflects a new found confidence and enthusiasm to withstand challenges and emerge as a significant contributor to the global economy.

As India aspires to digitally transform and remain globally competitive, Quick Heal is taking the lead to partner with consumers and enterprises alike to ensure that their digital transformation is safe and secure.

Business Segments

- Home and SOHO
- SME
- Enterprises & Government

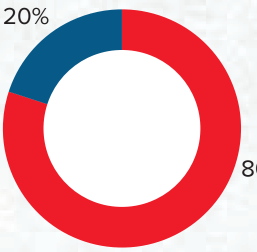
9 Million+
Active licences globally

MARKET LEADER
in the retail segment in India

Platforms

- Laptop
- Desktop
- Notepad
- Mobile
- Tablets
- Server
- Smart devices

Revenue break-up



- Retail
- Enterprise and Government

THE POWER OF 'TWO'

Larry Page and Sergey Brin

Co-founders of the popular search engine 'Google'

How was the term 'google' coined?

Google was invented by computer scientists Larry Page and Sergey Brin. The site was named after a googol – the name for the number 1 followed by 100 zeros. To the site's founders, the name represents the immense amount of information that a search engine has to sift through.

The origin of the partnership

1n 1995, Page and Brin met at Stanford University and a year later began to collaborate on a project titled 'Backrub', named after its ability to deliver backlink analysis. The project resulted in a widely popular research paper titled 'The Anatomy of a Large-Scale Hypertextual Web Search Engine'. This went onto become the basis for search engines to provide 'Page Rank'.

The momentum

After receiving rave reviews on Backrub, Page and Brin began working on developing Google. Operating from their dorm, they started the arduous journey of building their dream and partnership. It did take big financial sacrifices to be made until their dream started receiving attention from academicians and silicon valley investors that include Andy Bechtolsheim, co-founder of Sun, and Jeff Bezos of Amazon.

The rest as they say is history. Google went public in 2004 to raise $1.67Bn and today it stands to be a $162 Billion company, employing over 100,000 people to fuel their partnership dream of organising the world's information and making it universally accessible.

QUICK HEAL'S PARTNERSHIP WITH CHANNEL PARTNERS

The partner ecosystems is the face of the brand. Quick Heal is committed to delivering the highest levels of customer experience by ensuring robust partner policy.

A policy that envisages trust and transparency in our business conduct, training and mentoring of partner members, process automation and meticulous execution, driven by operating discipline, forms the bedrock of our partner engagement.

We, at Quick Heal Technologies, value our partner relationship and are committed to their financial well-being.

Our robust sales and distribution network across the globe enables us to expand our reach in the market. We work closely with our channel partners to identify potential areas of growth and provide after-sales support.

Robust sales and distribution network in India

Sales Execution
Robust pan India coverage

Metro Sales Coverage
Strong presence across the top metros in India. Coverage through T1 distributors and T2 resellers

Complementary Support from Quick Heal
Zonal and regional sales team to engage and support channel

Landscape across Class B & C towns
Growing presence of T1 distributors across B & C towns. Strong network of T2 reseleers - across Class B and Class C towns

Presence in Class A Towns
Strong distribution across Class A towns backed by 72 resellers

THE POWER OF 'TWO'

Richard and Maurice McDonald

Co-founders of the fast food franchise

The struggle

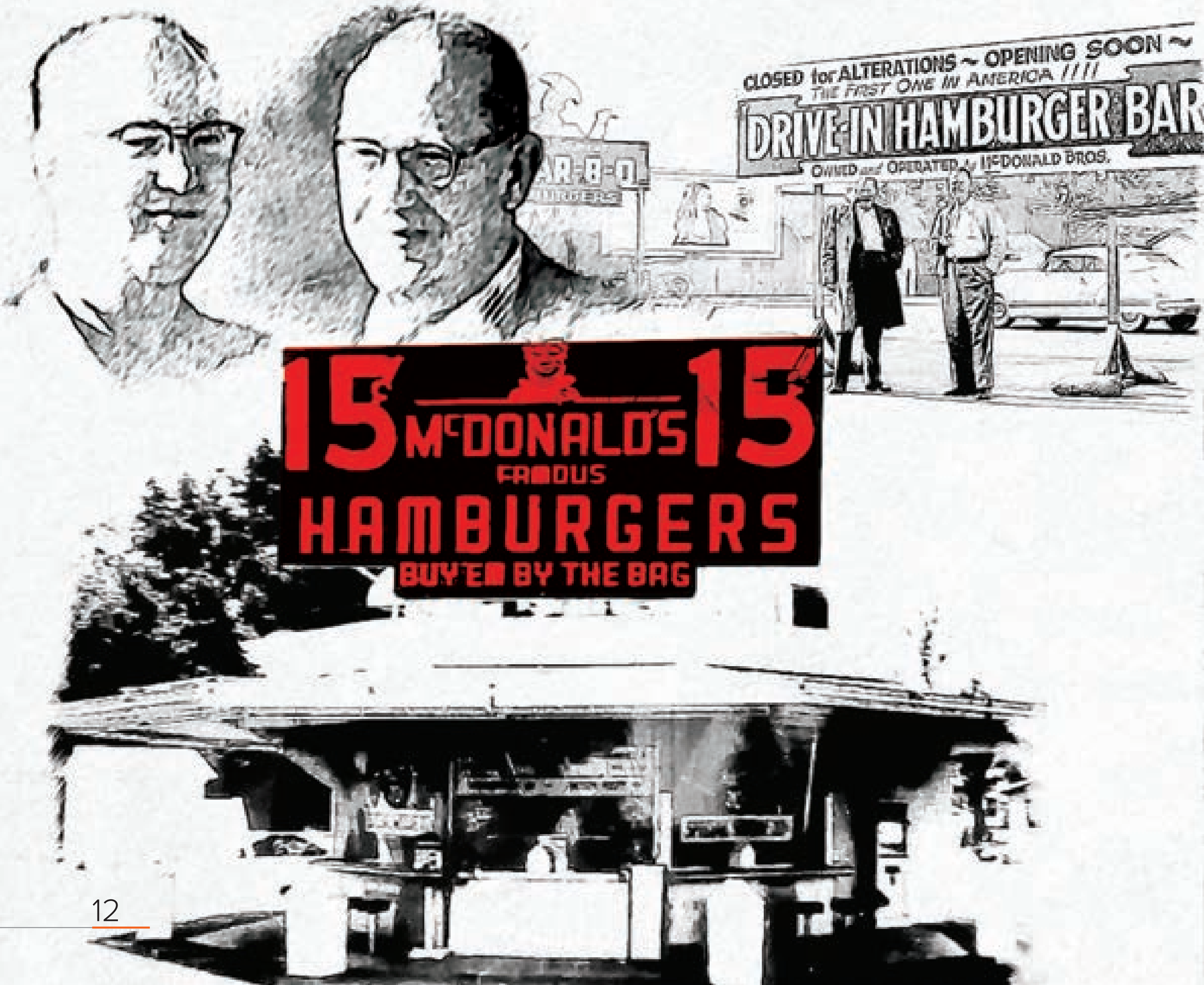
The old adage that greatness is born out of adversity could certainly be true for Richard and Maurice McDonald. Born into a poor family of Irish immigrants, they struggled to make ends meet.

The early days

The McDonald brothers moved to California with the hope of making it big and began working as set movers and handymen at Motion-Picture studio. They eventually bought a 750 seat Mission theatre outside of Los Angeles. However their dreams were shattered, thanks to the onset of the Great Depression! The brothers then called it quits and decided to try their luck in the food business

Evolution of McDonald's

In 1940, Maurice and Richard started the McDonald's Bar-B-Que in San Bernardino, California and had 25 menu items, mostly Bar-B-Ques. Overtime the brothers realised that most of their profits were coming from selling hamburgers, so they closed their drive-in car-hop service and streamlined their business. The restaurant was reopened as 'McDonalds' on 12th December, 1948.



QUICK HEAL'S PARTNERSHIP WITH EMPLOYEES

At Quick Heal, we firmly believe that by giving employees the opportunity and support to excel personally and professionally will strengthen their oneness towards the organisation's shared vision.

We continue to invest in projects and programs that enhance employees' skills and accelerate their output. This is achieved through a strong HR Policy framework that focuses on an amicable work culture and provides employees with adequate training opportunities. We strive to build a culture of innovation with several training and development platform and groom the change-makers of tomorrow. An open culture with a structured learning methodology is helping our teamwork with greater zeal and ownership and enabling us to becoming an employer of choice.

Avishkar
A spring of innovation.

Quick Heal
IDEATHON
It's Fun... It's Hackathon!

Evolve To Excel

LIVE TO LEAD

THE POWER OF 'TWO'

Steve Jobs and Steve Wozniak

The partnership between the two Steve's gave birth to the famed Apple.

Circa 1971. Steve Jobs and Steve Wozniak met through a mutual friend Bill Fernandez. Their shared passion for technology fuelled their partnership. Their first venture was when Wozniak built his original 'blue boxes' that enabled one to make long-distance phone calls at no cost. Jobs managed to sell some two hundred blue boxes for $150 each, and split the profit with Wozniak. This was clearly the beginning of a partnership which combined their skills of technology and business.

Their passion for technology saw them collaborate at forums like the Hombrew Computer Club and inspired Wozniak to build his own computer. By March 1, 1976, Wozniak had built his computer and wanted to demonstrate it at the Homebrew Computer Club. At this juncture, the business acumen of Jobs kicked in and they incorporated some changes and launched Apple 1. On April 1, 1976, they launched the Apple Computer Company and the journey of Apple began.

QUICK HEAL'S PARTNERSHIP WITH ITS COMMUNITY

Quick Heals partnership with its community is twofold. One is based on serving society through meaningful social intervention programs like cybersecurity awareness, promotion of education and eradicating extreme hunger and poverty. The other pillar of community partnership is through Quick Heal Academy that helps students and Corporate India train, skill, prepare and certify cybersecurity professionals for a new emerging digital economy.

Corporate Social Responsibility

Quick Heal | Securing Futures
A CSR initiative

Each step we take at Quick Heal is one towards securing individuals, communities and society at large. Our initiatives in corporate social responsibility are building a strong foundation for collective progress. They actively involve the beneficiaries, who are encouraged to pass on their acquired knowledge to others within their communities.

Several current hurdles to development have been identified by the United Nations Sustainable Development Goals. Through efforts aimed at eradicating extreme hunger & poverty, promotion of education, and employment enhancement, vocational training & cybersecurity awareness, we seek to provide innovative and technology-based solutions to these global hurdles. Implemented by the Quick Heal Foundation, each of these initiatives goes on to help and ensure a future with a promise of success and security for all.

Promotion of Cybersecurity

22,87,000+

Lives directly impacted since 2016

Promotion of Education

20,000+

Lives directly impacted since 2016

Eradicating Extreme Hunger and Poverty

2,500+

Lives impacted since 2016

Promotion of education

Quality education is a significant facet of developed communities. It enhances opportunities in the long-run and focuses on the holistic growth of future citizens. We have identified key areas which prevents students from achieving their full potential. Our counsellors guide them throughout these crucial points in their lives – from difficulties in learning to those that affect their personal sphere.

- Life Skills Education
- Shalangan Counseling Centre

Promotion of cybersecurity

The aspiration to achieve more fuels progress. For those at the threshold of economic independence, this hope drives them to achieve great feats. At Quick Heal, we actively seek to spread the knowledge we have amassed over time and allow for better economic opportunities for all. We engage with students and teachers, equipping them with industry relevant skills and training, to ensure the future bastions of cybersecurity are prepared for tomorrow's challenges.

Securing futures through Secure Programming

- Earn and Learn – Cybersecurity Volunteers
- Faculty Development Program
- Cy-Fi Karandak
- Street Plays

Reduction of extreme hunger and poverty

Poverty and hunger form a basic challenge to society today. Quick Heal has identified vulnerable tribal communities facing a dearth of necessary resources. By tackling these everyday challenges, we pave the path to pursue success. We help improve lives and livelihoods by providing basic infrastructure, empowering women, improving hygiene conditions and more.

- Project DIsha

Quick Heal Academy

Quick Heal Academy (QHA) is a premier institute engaged in supporting and securing the cyberspace. QHA imparts cybersecurity education programmes globally with an objective of building a talent pool of cybersecurity professionals. QHA is committed to providing awareness around the ever-changing and evolving cybersecurity domain and creating security professionals that help deter the threats with the strong cyber skill-sets.

At QHA, we work closely with universities and educational institutes to engage with students and design programmes which will help to build a talent pool of cybersecurity professionals.

QHA also offers online classroom, corporate and need-based training courses with the objective to empower organisations in effectively addressing cybersecurity challenges and contribute towards strengthening the cybersecurity ecosystem.

Popular Courses

- CyberSecurity and Forensics
- Cyber Threat Intelligence
- Malware Analysis & Reverse Engineering
- Security Operations Centre (SOC)
- Electronic Crime Scene Investigation

Academy partners

QHA associates with several universities and educational institutes that will enable them to build a talent pool of cybersecurity professionals. These comprise:

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

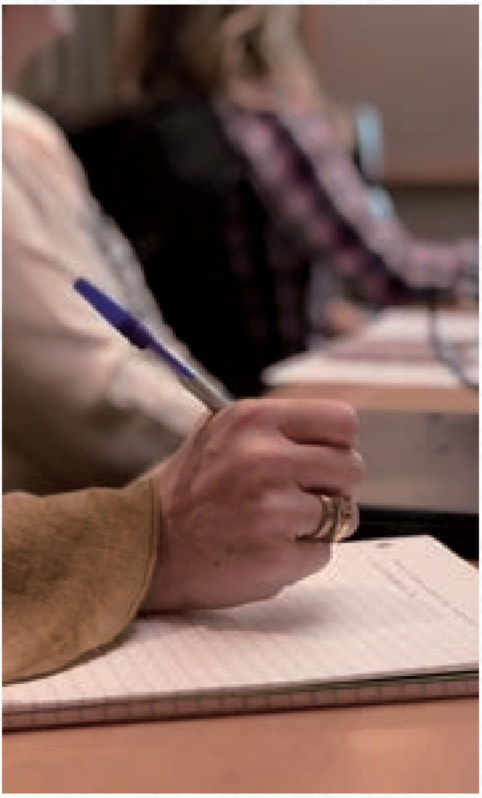
Quantum Global Campus
MoU with Quantum University for a joint B.Tech (Hons.) with specialisation in Cybersecurity

Gujarat Forensic Sciences University
MoU with Gujarat Forensic Sciences University during Vibrant Gujarat 2017

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

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

Deen Dayal Upadhyaya College
MoU with Deen Dayal Upadhyaya College, a constituent college of the University of Delhi



Cyber education

Quick Heal Academy
Creating a Safer Digital World

Cyber education for Corporates

Tata Consultancy Services

The Great eastern Shipping Co. Ltd.

Dr. Willmar Schwabe India Pvt. Ltd.

Sterlite Technologies Ltd.

Universities Tie-ups

Manav Rachna University

Sage University, Indore

OUR JOURNEY OF SIMPLIFYING SECURITY SOLUTIONS

2017-20 — Innovative AI driven protection & securing Internet of Things (IoT)

2011-16 — Protecting data, transactions & cloud transitions

2006-10 — Threat protection for smart phones and tablets

2001-05 — Ensured a safe online experience

1996-00 — Secured PCs, network & emails

1995-96 — Protected early generations of PCs

MD & CEO'S MESSAGE

We remain confident that we will continue to invest and create value and opportunity for all our stakeholders, including customers, partners, shareholders and employees. We operate in a highly exciting and attractive market, have the benefit of world class people and technology working together to create innovative solutions.

Dear Shareholders

Quick Heal has been at the forefront of providing innovative cybersecurity solutions for more than two decades in India.It is this passion for innovation that has allowed us to grow and become a leader in the marketplace. In today's hyper-connected world, we see ourselves as trusted partners to millions of customers. Our focus is on creating innovative products that simplify cybersecurity management across the length and depth of devices and on multiple platforms. These are designed & developed to suit mass consumers, small businesses, corporate houses and government establishments.

Changing Digital Landscape

India has over 500 Million internet users.This number continues to grow on the back of greater adoption of smart phones and penetration of telecom services into rural India. Various analysts estimate that India will soon surpass 750 Million internet users mostly using mobile internet services.

The overall digital economy in India also continues to grow as both public and private sectors are propelling digital initiatives. The government via Digital India has enrolled more than 1,200 Million Indians in its biometric digital identity programme, Aadhaar, and brought more than 10 Million businesses onto a common digital platform through Goods and Services Tax. On the other hand, competitive offerings by telecommunication firms have turbocharged internet subscriptions and data consumption which has resulted in the overall digital transformation of India. This is seen by the rise of digital native business ecosystem with numerous start-ups working on cutting edge SaaS offerings across all facets of digital including AI and ML.

Consumers continue to adopt a digital lifestyle and we witnessed an unprecedented rise in digital transactions. In May 2020, there were 155 banks offering digital transactions resulting in over 1,200 Million transactions at a combined volume of over ₹ 2,00,000 crore. In comparison a year ago there were 143 banks offering services and there were 733 Million transaction at a combined volume of ₹ 1,52,000 crore.

This unprecedented rise in internet users as well as digital transactions brings with itself the need for greater safety and privacy as cyber threats become frequent and mainstream. We noticed there has been a steep rise in cyber threats targeting consumers and enterprises of all sizes.

As one of India's leading cybersecurity firms we believe we need to remain vigilant and alert to the threat environment and keep developing the right suite of products. We have over the last 25 years built one of the leading threat intelligence platforms which enables us to identify vulnerabilities and anticipate attacks that could otherwise be very dangerous and costly. Quick Heal today leverages AI and Machine Learning to detect and block millions of malware infections daily and we intend to make every user's internet experience safer, avoiding any loss of personal or sensitive data. In order to deliver this, we continue to focus on the right approach, technology, infrastructure and talent.

Retail Business

The core of our business continues to be in creating innovative cybersecurity solutions for millions of our retail customers. Our customers are moving more and more of their daily activities online and this expanding list makes it extremely important to keep them secured. Consumers are creating and leaving behind a long trail of digital data across social media sites to e-commerce and transaction banking website. Everyone is creating more and more information and all this data leads to greater concerns on security and privacy. Hacks and security breaches are becoming a daily occurrence as cybercriminals continue to become sophisticated with each passing day. We believe that most retail consumers might not be prepared to defend themselves against such sophisticated attacks and have therefore trusted Quick Heal for the last 25 years.

At Quick Heal, our objective is to strengthen our market leadership position and improve the value proposition for our customers. As a consumer business, we believe that having the right product is only one part of the solution and therefore we are investing more into improving the entire customer experience right from the time a product is bought to getting the consumer to renew the subscription. We have created a range of products across various price points that allow our customers the right level of cybersecurity as per their needs.

Our sales team is working to penetrate Tier II and Tier III towns where the internet penetration is now increasing. These first-time users are yet to fully appreciate the necessity for cybersecurity and we noticed a rise in instances of household PC's being taken over without users being aware, or more commonly free apps being downloaded on the mobile that steal sensitive data such as passwords. We created Quick Heal Home Security (QHHS), a secure Wi-Fi router that offers safe internet surfing experience for such customers. QHHS secures every internet-connected device in the home from cyber threats. These devices include Smart TV, CCTV, Game consoles, Wi-Fi connected ACs, and other such appliances. QHHS protects the home Wi-Fi network by adding an extra layer of security between smart devices and cyber threats.

We see our community of channel partners play a very active role in educating our customers and distributing our products and today Quick Heal has one of the largest distribution networks in India. These channel partners help in improving the level of awareness amongst customers as the cybersecurity product market still relies significantly on physical distribution. In addition to the channel eco-system, we have been developing a strong digital channel and online presence to sell our products via the internet. We sell via our own e-store as well as large e-commerce portals and in recent weeks we have seen a surge in digital sales as consumers were unable to visit stores and make their purchases. Our robust back-end IT systems allowed for such digital sales and renewals with minimal disruptions. Going forward we expect digital sales to become a larger portion of our business.

Enterprise Business

Small &Medium Enterprises (SMEs) have begun to embrace digital channels to grow and provide their services to new and different markets. The SME sector in India has always been a key growth driver for its economy. There are around 51 Million SMEs that account for 45% of the country's manufacturing output and employ 40% of its workforce.

SMEs are using new digital technologies, tools and services to grow their business and must ensure that they retain customers' trust especially when conducting online transactions or handling sensitive personal data. Today SMEs in India provide a range of critical products and services and we believe will be one of the key drivers for India's growth and also for us.

In addition, SMEs are also moving away from central on premise-based technology solutions to cloud-based solutions. This migration to the cloud creates a more dynamic and flexible work environment. However, it also exposes these businesses to greater cyber threats as employees begin to rely more on the internet and use their own devices to access sensitive corporate data.

We noticed that many of these SMEs often do not have the extensive internal and external technical resources to address their cybersecurity needs and they also need advanced security solutions which is different from what we sell to the retail consumers.

Seqrite is our enterprise arm through which we provide products for the SME segment. We continue to see that this segment will need better solutions across data protection and network security and will therefore make the right investments to grow this segment of our business. Seqrite has also taken effective steps in addressing the large and growing opportunity within the mid to large enterprise accounts. We have, during the year, closed over 45 large license deals (1,000+ licenses). Medium to large enterprises recognise that their security, finances and reputation is at stake and it is extremely crucial to have a trusted partner like us for their enterprise cybersecurity programs to safeguard vital corporate data.

Our sales team has over the years built a deep lasting relationship with business directly and also through our valuable distribution network. As a company we see tremendous growth in enterprise business as SMEs transition their business and service functions to the cloud. The rise of cloud-based solutions opens new avenues for us to cross sell and up sell our products and services.

Today, Seqrite is well recognised in the industry. We have won multiple industry awards and recognitions for our products and we continue to show technical leadership in our products. Our focus for the coming year is to improve our customer and industry connect initiatives thereby improving the sales of our enterprise product portfolio.

Strengthening Quick Heal

People and technologies remain the main pillars of our business and with this objective, during the year, we have significantly strengthened our capabilities in both these areas. We made an investment in L7 Defense, a cybersecurity startup in Israel. This investment marks Quick Heal's foray into the fast-growing NG-WAF and API Security Market and expand its portfolio of enterprise security solutions. This relationship brings together Quick Heal's strong legacy backed by deep intelligence on the threat landscape and L7 Defense's next-generation Ammune™ technology to deliver robust defense against the next wave of AI-driven DDoS cyber-attacks. We also made another investment in Ray PTE (Ray) in the month of May 2020. Ray is a Singapore based start-up specialising in next generation networking and wireless technology. Ray's flagship product RayOS is an open, secure, cloud native, extensible operating system with an ecosystem of applications that leverage the underlying hardware to create unlimited use cases for us.

Awards and Recognitions

In the last 25 years we have consistently demonstrated our capabilities to undertake state-of-the-art research and development activities to create innovative solutions. I am pleased to report that during the year, we secured two patents from United States Patent and Trademark Office (USPTO): Anti-Ransomware & Signatureless Detection Technology. Powered by AI and Machine Learning. These technologies empower 'Quick Heal' and 'Seqrite' to detect known and unknown malware on a real-time basis. We are the first Indian company to indigenously develop and be awarded a patent for AI-powered anti-ransomware technology. It is a great honour for us and the country as the entire design and development of this was done in Quick Heal's R&D and innovation centre in Pune.

In India, Quick Heal was recognised by NASSCOM's DSCI as an industry pioneer in the Indian cybersecurity space. The Data Security Council of India (DSCI) is a premier, not-for-profit industry body that is committed to making cyberspace safe, secure and trusted by establishing best practices, standards and initiatives in cybersecurity and privacy in India. The DSCI Excellence Awards is a recognition of cybersecurity companies addressing real digital risks and creating a safe and conducive environment for doing business. To be recognised as a cybersecurity pioneer by an industry leader such as DSCI and NASSCOM is a moment of great pride for all of us and motivates us to continue to push ourselves further.

Financial Performance

FY 2020 proved to be more challenging than what was expected at the beginning of the financial year. Throughout the year, we saw slowdown in the economy coupled with an overall credit crunch which affected our business. Although the COVID-19 crisis became a reality towards the end of FY 2020. It had a major impact on our Q4 results which affected our overall results. Our Q4 performance was significantly affected due to COVID-19 as a major portion of our sales in Q4 could not be completed as product dispatches were affected as the country went into complete lock down.

Consolidated revenue from operations, which stood at ₹ 2,861 Million, down 9.1% compared to ₹ 3,149 Million in FY 2020. 80% of revenues come from retail segment and 20% from enterprise and government. EBITDA was at ₹ 914 Million down by 28.5% compared to ₹ 1,279 Million in FY 2020. EBITDA went down in Q4 because our revenue was low at the end of FY 2020. In addition, we had certain one-time expenses as a result of the share buyback as well as provision for doubtful debts which has impacted the margins. The Company does not have any borrowings and correspondingly no interest expenses. Depreciation for the year remained flat. PAT for the year stood at ₹ 744 Million down 19% compared to ₹ 918 Million in FY 2019, PAT margins stood at 26.05% down 315 basis points from 29.2% in FY 2020.

Cybersecurity in the Post COVID-19 World

The recent COVID-19 pandemic has led to several new and interesting opportunities for us. There has been a significant growth in working from home which means greater need for home desktop and laptops. On the enterprise side of the business, we have been in dialogue with several clients who are looking for more comprehensive solutions around endpoint security as well as network security. These developments should benefit us in the coming quarters.

On the cost and sales side, we continue to see some disruption in some of our channel partners as they have had to keep their outlets closed. While overall the COVID-19 impact could be positive for us, there has been some adverse and rapid impact for us, which we are certain we can overcome given our heritage and legacy as the leading cybersecurity company in India.

Closing Thoughts

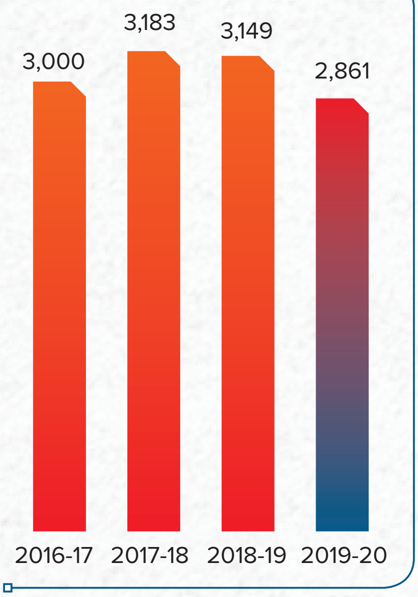
In conclusion, Quick Heal has had a challenging year but I am sure my team and I have made a lot of progress in these adverse circumstances and are well positioned for the journey ahead. I would like to thank all our employees, customers, channel partners and investors who continue to support us in the journey. We remain confident that we will continue to invest and create value and opportunity for all our stakeholders, including customers, partners, shareholders and employees. We operate in a highly exciting and attractive market, have the benefit of world class people and technology working together to create innovative solutions. I look forward to the coming years and sharing with you our continued progress.

Best Wishes,

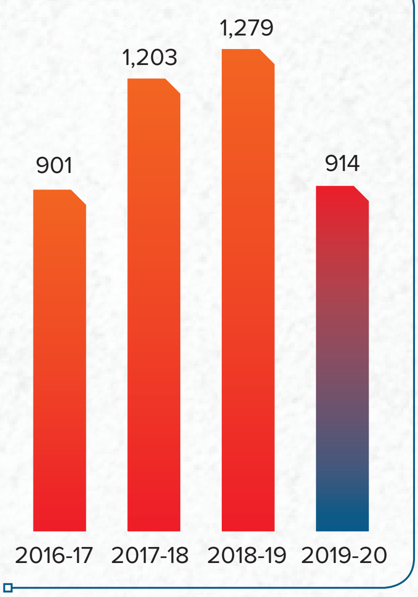
Kailash Katkar

PERFORMANCE HIGHLIGHTS

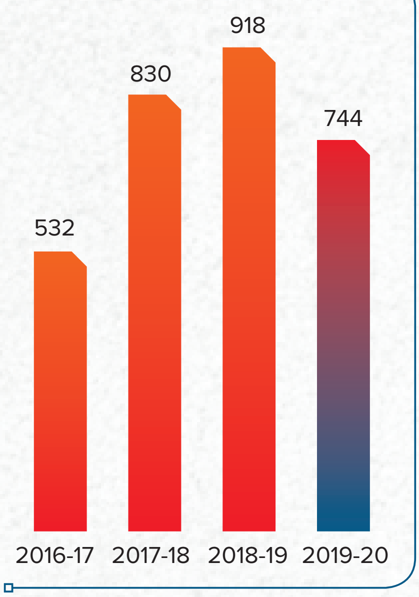
Revenue
(₹ in Million)



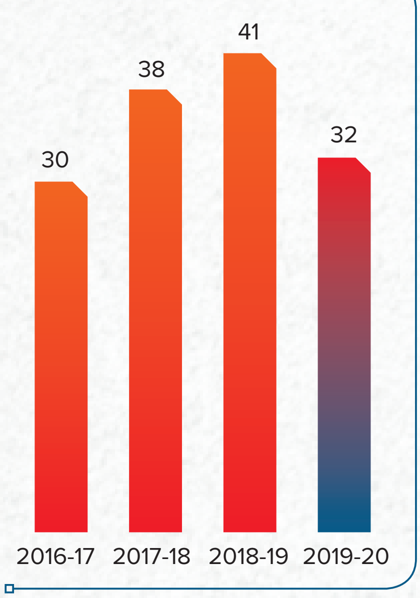
EBITDA
(₹ in Million)



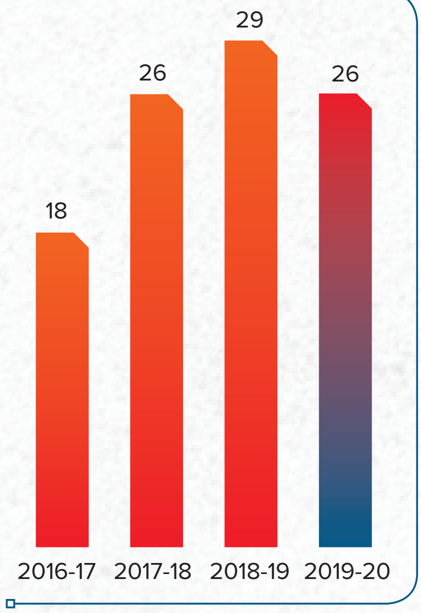
PAT
(₹ in Million)



EBITDA Margin
(%)



PAT Margin
(%)



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. Amitabha Mukhopadhyay

Independent Director

Over three decades of experience in corporate finance, legal and litigation, strategy and M&A. Served as the Group CFO of Thermax

Mr. Manu Parpia*

Independent Director

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

Mr. Mehul Mulchand Savla

Independent Director

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

*Resigned w.e.f. 11 May, 2019

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 AND ANALYSIS

1. Economic Update

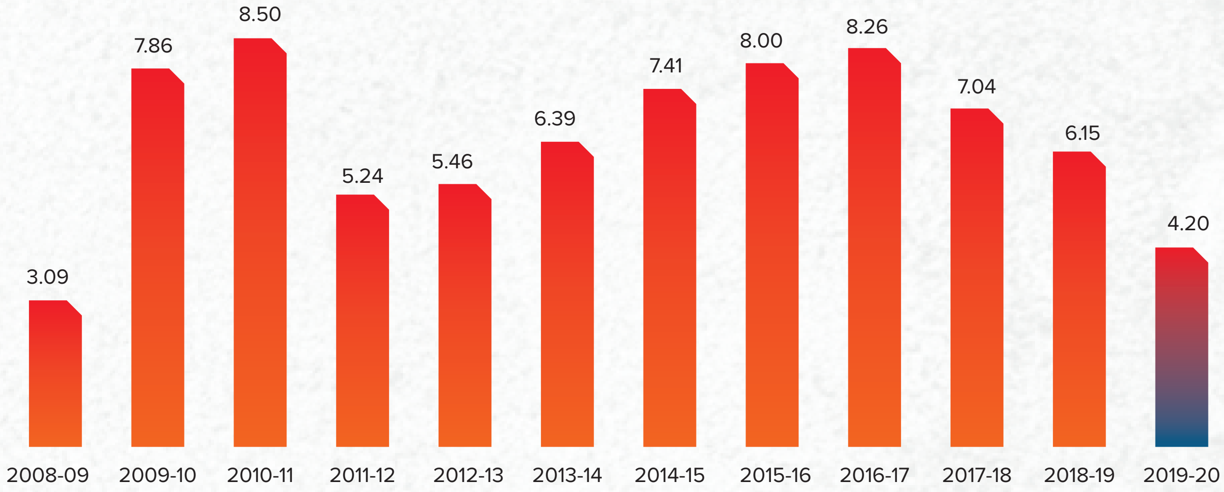
1.1. Indian Economy

India was expected to grow at 7.5% as per Indian Ratings and Research (Ind-Ra), for 2019-20, as government and private consumption remained robust. According to the advance estimates of Gross Domestic Product released by the Central Statistics Office (CSO), the economy was estimated to grow at 7.2% in the 2019-20, up from 6.7% in the previous year.

Even after an optimistic forecast during the start of the year, during Q1FY20 growth slowed down to 5.2% as compared to 5.8% in the previous quarter. For the first time in seven years, India's GDP grew below 6% year over year. Over the course of the remainder year, Indian GDP continued to decelerate to 4.4% and 4.2% in Q2 and Q3 of 2019-20, respectively. Private consumption, private investment and exports had slowed down significantly. Consumption, which was the biggest contributor to growth, fell the largest. This coupled with several core industries like auto, real estate and manufacturing contributed to subdued growth. The macro economic environment continued to remain unsettled and financial markets experienced considerable flux as the year progressed.

This was further followed by the COVID-19 pandemic. The world changed dramatically in Q4FY20 as the pandemic inflicted high and rising human costs worldwide. An unparalleled global recession is foreseen caused by the outbreak of the COVID-19 and resultant lockdowns. Since lockdown in India came into effect from the last week of March'20 and continued until second week of June, the impact of lockdown is expected to be more visible in Q1FY21. Indian economic growth deceleration was already underway which can be clearly seen in Q4 GDP growth rate of 3.1%. Private investment number fell sharply to 3% in 2019-20 vs 9% in 2018-19, which indicates that Indian Economy was already in a vulnerable position before COVID-19 hit India. Overall growth for 2019-20 slumped to 4.2%, lowest since FY09 when GDP was 3.09%, compared to 6.1% in 2018-19, as per the Central Statistics Office (CSO).

GDP Growth (%)



Source: Economic Times, Bloomberg Quint and Indian Express

1.2 Outlook

According to a World Bank Report, the COVID-19 pandemic has, with alarming speed, delivered a global economic shock of enormous magnitude, leading to steep recessions in many countries. The baseline forecast envisions a 5.2% contraction in global GDP in 2020, the deepest global recession in eight decades, despite unprecedented policy support. The global recession is expected to be deep as the pandemic has lasted longer than expected, and brought with it impending financial stress as liquidity and cash flows are getting constrained across the economy.

Another World Bank Report also states that, India is likely to record its worst growth performance in 2020-21, since the 1991 liberalisation, as the COVID-19 outbreak has severely disrupted the economy. It has magnified the pre-existing risk to India's economic outlook. World Bank expects India's GDP to contract to 3.2% in 2020-21. Several experts and economists have a negative outlook, which reflects deeper stress level in the economy and the financial system which could lead to deterioration of fiscal conditions.

However, at the same time the COVID-19 pandemic has also forced organisations and individuals to embrace new practices such as social distancing and remote working. The new 'work from home' model is expected to continue, and gain scale even post COVID-19. It could remain a potential delivery model across the services sector. With this scenario, we see cybersecurity to also be an important aspect for organisations, when they focus on implementing the 'work from home' model.

Source: World Bank Report, The Hindu

2. Cybersecurity Market

2.1. Global Cybersecurity Market

The global cybersecurity market in 2020 is worth USD 136 Billion, and is expected to reach USD 160 Billion by 2022, at a compounded annual growth rate of 8.4%. Expenditure for outsourced cybersecurity products and services is expected to be considerable part of the total market. Global spending on external cybersecurity products and services is expected to grow at a higher rate than spent on in-house/internal cybersecurity functions.

Network, data, and endpoint security are the three leading use cases of AI in cybersecurity. The COVID-19 pandemic has accelerated each of these use cases, with endpoint security becoming the most urgent priority for many organisations across the globe as nearly every organisation has employees working from home.

Mobile devices and the identities they represent are the new security perimeter for every organisation today. As per Verizon's Mobile Security Index 2020, many organisations still aren't doing enough to protect their mobile devices. Around 46% said that they change all default/vendor-supplied passwords, and only 51% said they encrypt sensitive data when it's sent over public networks.

As the crisis around the new COVID-19 continues to expand, organisations are being forced to adapt to rapidly evolving security requirements. These include transitioning employees to remote workers and remaining vigilant against adversaries seeking to take advantage of the crisis. As the COVID-19 pandemic dawns upon the world there has been a 667% increase in spear-phishing attacks, as per the research note from Capgemini. **On an average, every organisation has come across 6 incidents of fraud in the past 24 months, with Financial Services organisations being the primary target.**

Do you know where your data is going?

In a 24-hour period, a typical mobile device sends data to 10 countries via 18 apps.

App threats

Well-known problems like malware and ransomware remain major threats, but emerging ones like cryptojacking can also put your organization at risk. Even apps downloaded from official stores can be compromised or introduce vulnerabilities due to poor coding practices.

Source: Forbes, Gartner

2.2 Indian Cybersecurity Market

The presence of strong and secure cybersecurity policies is one of the most critical element to ensuring India's stature as one of the world's leading economies. The Indian cybersecurity market is expected to become more pronounced and grow exponentially. This is partly driven by government initiatives such as Digital India and increasing digitisation of India's business environment and daily life. According to DSCI-PWC Cyber Security Report, the cybersecurity market in India is expected to grow from USD 1.97 Billion in 2019 to USD 3.05 Billion by 2022, at a compound annual growth rate of 16.9% — almost one and a half times the global rate.

While many factors are contributing to this high growth rate, the three key factors that are driving the cybersecurity demand significantly in India are digital growth, increase in cyberattacks and stringent regulatory mandates.

Digital growth necessitating security investments

A favorable demographic dividend which India enjoys, and an increasing literacy rate have given rise to an accelerated adoption of digital lifestyle and data consumption. Newer business models and delivery channels have gained popularity and acceptance — propelled by both public and private sectors. For example, digitisation of various citizen services by national and state level e-governance initiatives.

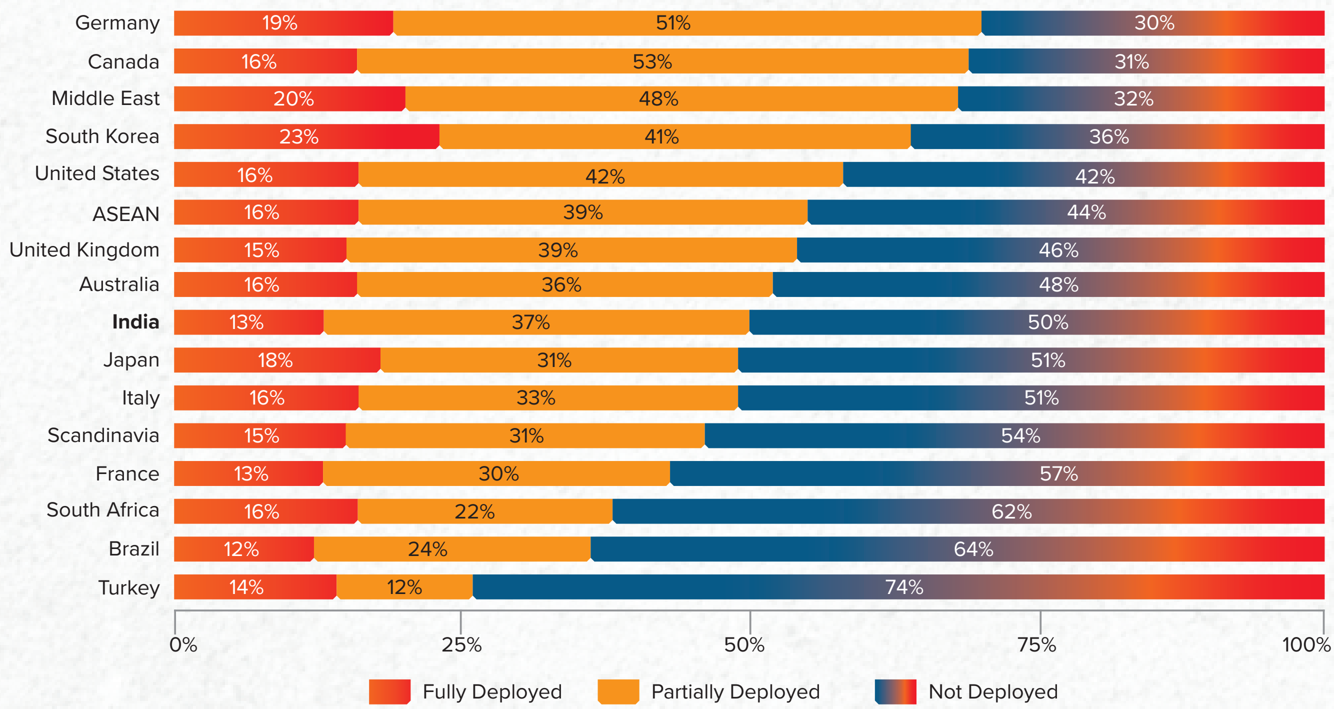
These, in turn, have resulted in an expansion of cyberattack surface as well as the urgent need to introduce cyber defence mechanisms at multiple touchpoints, including endpoints, networks, cloud, bots, applications, and internet of things (IoT) environments. Rapid digitisation in India demands security automation which will enable security technologies that augment or replace human intervention in the identification and containment of cyber breaches or exploits. Such technologies rely upon artificial intelligence, machine learning, analytics and incident response orchestration.

It has been seen that security automation decreases the cost of breaches, whereas companies not deploying security automation are seeing higher cost of breaches.

Even though we see a rapid digital adoption in country across the industries and security automation as a need of the hour, more than 85% of Indian organisations have not deployed or partially deployed security automation.

State of security automation by country or region

Mean fully developed = 16%; Mean partially developed = 36%; Mean not developed = 48%



Source: Cost of data breach report 2019 – IBM

Rise in cyber-attacks and data breaches

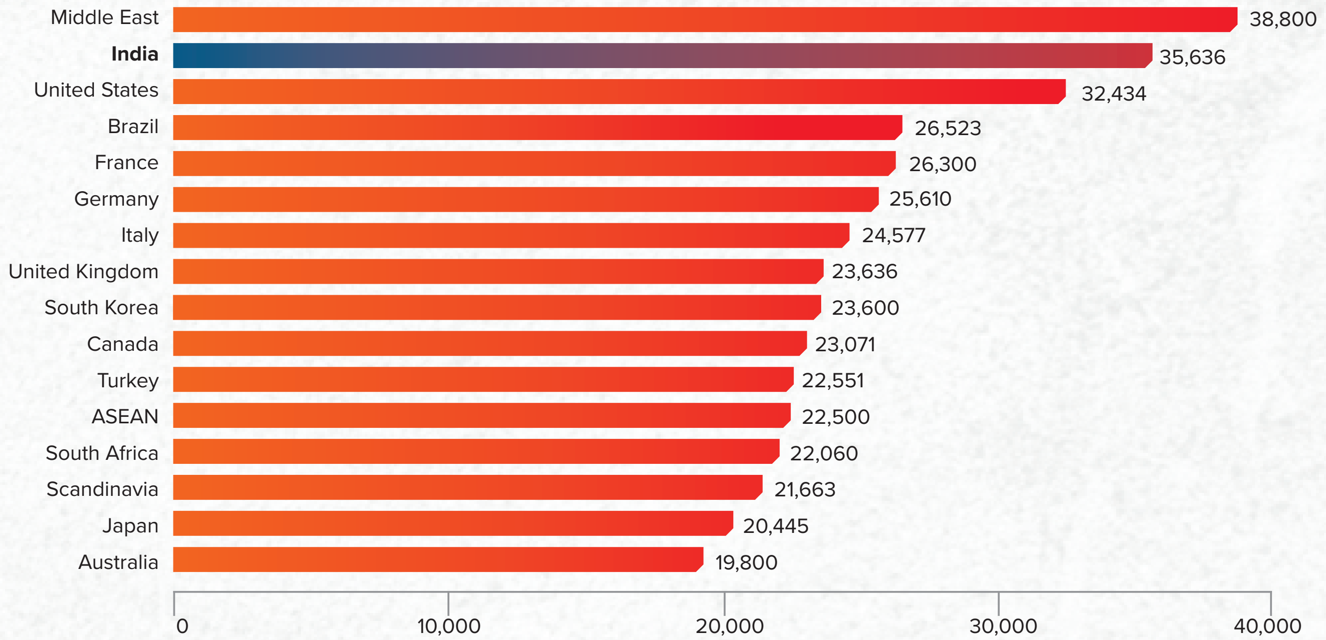
As the world becomes more interconnected, another significant factor the industries are grappling with is the increasing number of breaches and sophisticated cyberattacks, driven by different motives.

This is evident from 292% increase in cyberattack incidents, from 53,081 in 2017 to 2,08,456 in 2018, reported by the Indian Computer Emergency Response Team (CERT-In). Network scanning, probing, and vulnerable services accounted for over 61% of these incidents.

A PWC report also indicates that business executives are acknowledging the increasing high stakes on account of these breaches, and hence the need for them to evaluate their cyber risk and focus on building resilience for the same.

As per IBM survey, globally India has 2nd highest average number of records breaches in 2019.

Average number of records per breach by country or region



Source: Cost of data breach report 2019 – IBM

Regulatory norms driving security market needs

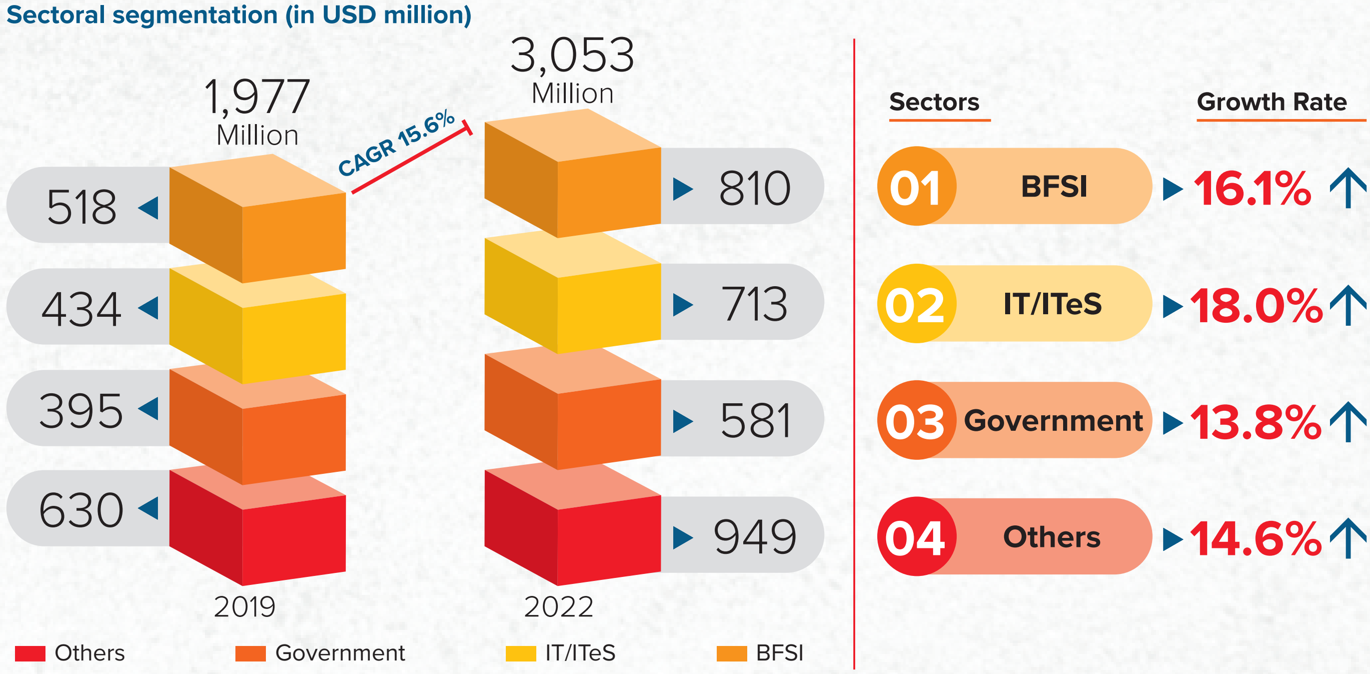
The increased frequency and sophistication of cyberthreats, regulators are beginning to play an active role with increasing supervisory coverage, formulating directives and tightening regulatory controls.

Regulators are taking cognisance of evolving cyber risks and technological advancements and integrating these into directives and guidelines. Reserve Bank of India (RBI) controls for cloud, multi-factor authentication (MFA) for secure card payments and the Securities and Exchange Board of India's (SEBI's) cyber resilience framework directives are some examples of such guidelines.

While the cybersecurity products market is estimated to witness a CAGR of 16.9% over three years and reach USD 1.64 Billion by 2022, the market for cybersecurity services will grow to USD 1.41 Billion by 2022, at a CAGR 14.2%.

BFSI, IT/ITeS and Government are the top three sectors with the largest market share in cybersecurity expenditure in India

Sectoral segmentation (in USD million)



Source: DSCI - PWC Cyber Security Report 2019-2022; Cost of data breach report – IBM

2.3 The Micro, Small and Medium Enterprises

Over the last five decades, the Micro, Small and Medium Enterprises (MSME) sector has emerged as a vibrant and dynamic sector of the Indian economy. MSME sector contributes significantly in the economic and social development of our country by fostering entrepreneurship and generating largest employment opportunities at comparatively lower capital cost.

Even as the majority of Indian MSMEs are yet to fully adopt digital technologies, lack of awareness and understanding about cybersecurity is often a big spoiler for their growth ambitions. Challenges increases to next level when we see IT security talent shortage at such enterprise with most of them end up using basic products which do not provide comprehensive security leading to higher data breaches at MSME.

Verizon's Data Breach Investigation Report, 2019

Source: DSCI, government of India, Financial Express, Verizon Data Breach Investigation report 2019

2.4 Impact of COVID-19

Interconnectivity of devices and the use of sophisticated technologies such as Internet of Things (IoT), Artificial Intelligence (AI), cloud computing, big data, and analytics have created an ecosystem with immense opportunities. However, cybersecurity risks have been growing alongside the rise of digital world. In 2020, as the world grappled with the COVID-19 pandemic situation, it increased dependencies on digital tools which in turn has reinstated the importance of cybersecurity.

"Fewer than one in four companies relied on the internet for their business operations 10 years ago; now, it is 100%," reads an Accenture report. While this highlights the rapid expansion of digital economy, it also reflects the parallel rise of cybersecurity risks.

The Computer Emergency Response Team of India (CERT-In) noted that cyber criminals are exploiting the COVID-19 outbreak as an opportunity to send out phishing emails claiming to have important updates or encouraging donations, impersonating trustworthy organisations.

Cyber-attacks on personal computer networks and routers have increased substantially in recent times, as nearly all the professionals are now working from home. As per CERT-in, enterprise VPN servers have now become paramount to a company's backbone, and their security and availability must be the focus for IT security teams.

A specific suggestion for IT teams from CERT-In is to consider Mobile Device Management (MDM) and Mobile Application Management (MAM). MDM and MAM tools can allow organisations to remotely implement several security measures such as including data encryption, malware scans, and wiping data on stolen devices.

3. Regulatory Framework to Ensure Data and Privacy Protection

Creating trust online is a fundamental challenge in ensuring that the opportunities emerging in the information economy can be fully leveraged. The handling of data is a central component in this context. In today's digital world, personal data is the fuel that drives much commercial activities online. However, how this data is used has raised concerns regarding privacy and the security of information.

Data Privacy is evolving as a basic right of consumers. In certain countries, it is recognised as a fundamental right, guaranteed by the constitution and supporting legal framework. To ensure data protection, countries have now started taking different approaches which include tackling matters related to data sovereignty, data localisation, internet governance, handling fake news and international law.

Individuals, business and machines are generating enormous international flows of data in what has been, to date, a readily global digital economy. Governments, in response, are grappling with the interplay between these international data flows and domestic policy objectives related to privacy, consumer protection, economics, cybersecurity, national security and law enforcement.

In India, the private sector plays a significant role in operating critical information infrastructure, particularly in power, transportation and healthcare. It is now more necessary than ever before to take cognisance of new directions and shifts in policies across the world.

A thorough risk and gap assessment of the current cyber resilience of India's various economic sectors, as well as that of the governance structure that enforces and manages the cybersecurity policy and framework is the need of the hour. National cybersecurity projects such as the National Cyber Coordination Centre (NCCC), National Critical Information Infrastructure Protection Centre (NCIIPC) and the Computer Emergency Response Team (CERT) need to be strengthened, manifold and reviewed.

As the global economy shifts further into a connected information space, the relevance of data protection and the need for controlling privacy will further increase. There is no single agreed model for data protection law at this stage.

However, compatibility is the stated objective of many global and regional data protection initiatives.

3.1. The Personal Data Protection Bill, 2019

The Personal Data Protection Bill which was tabled and passed in Lok Sabha in December 2019, is a progressive move in India in regulating how a user's data is protected without compromising data sovereignty. It will represent a huge shift in the way enterprises handle data.

In July 2017, the Ministry of Electronics and Information Technology (MeitY), Government of India (GoI), constituted a committee of experts under the chairmanship of the retired Supreme Court judge Justice B. N. Srikrishna. The committee was entrusted with the responsibility of identifying lapses in the present data protection regulations and preparing more robust and comprehensive data protection laws.

Since its introduction last year, MeitY has solicited comments and suggestions on the PDP Bill from the public, various stakeholders, ministers and consultants. Based on these suggestions, a revised Personal Data Protection Bill, 2019 (Draft Bill), was cleared by the Union Cabinet on December 4, 2019. The Personal Data Protection Bill, 2019 was introduced in Lok Sabha by the MeitY, Mr. Ravi Shankar Prasad, on December 11, 2019.

The Bill seeks to provide for protection of personal data of individuals and establishes a data protection authority for the same.

3.2. National Cybersecurity Strategy 2020

India was one of the first few countries to propound a futuristic National Cyber Security Policy 2013 (NCSP 2013). Since the adoption of NCSP 2013, the technologies, platforms, threats, services and aspirations have changed tremendously.

The Cybersecurity Policy of 2013 is open and technology neutral. But it needs upgradation. The digital economy today comprises 14-15% of India's total economy and is targeted to reach 20% by 2024. India has more than 120 recognised 'data centres' and clouds.

The transformational Digital India push as well as Industry 4.0 is required to be supported by a robust cyberspace. However, cyber intrusions and attacks have increased in scope and sophistication targeting sensitive personal and business data, and critical information infrastructure, with impact on national economy and security.

The present cyber threat landscape poses significant challenges due to rapid technological developments such as Cloud Computing, Artificial Intelligence, Internet of Things, 5G, etc. New challenges include data protection/privacy, law enforcement in evolving cyberspace, access to data stored overseas, misuse of social media platforms, international cooperation on cybercrime and cyber terrorism, among others.

The Indian government under the aegis of National Security Council Secretariat through a well-represented Task Force is in the process of formulating the National Cyber Security Strategy 2020 (NCSS 2020) to cater for a time horizon of five years (2020-25).

4. Cyber Threats that Caught our Attention in 2019

The World Economic Forum's (WEF) "Global Risks Report 2020" states that cybercrime will be the second most-concerning risk for global commerce over the next decade. It also states that cybercrime will be the seventh most-likely risk to occur, and eighth most impactful.

As one of the leading sources of threat intelligence, research and cybersecurity, Quick Heal Security Labs analyses the threat data fetched from millions of active users across the globe. This helps us secure our users with timely and improved protection. While cybersecurity experts made it a point to give a hard time to cyber criminals, there were several previously discovered malware variants that continued to work in the wild and reappeared as new variants in 2019.

Below are the top 10 malwares that caught our attention in 2019:

4.1. LNK.Cmd.Exploit.F

- Method of propagation: Email attachments and malicious websites
- Uses cmd.exe with "/c" command line option to execute other malicious files
- Executes simultaneously a malicious .vbs file with name "help.vbs" along with a malicious exe file
- The malicious vbs file uses Stratum mining protocol for Monero mining

4.2. Trojan.Starter.YY4

- Method of propagation: Email attachments and malicious websites
- Creates a process to run the dropped executable file
- Modifies computer registry settings which may cause a system crash
- Downloads other malware like keyloggers
- Slows down the booting and shutting down process of the infected computer
- Allows hackers to steal confidential data like credit card details and personal information from the infected system

4.3. W32.Pioneer.CZ1

- Method of propagation: Removable or network drives
- The malware injects its code to files present on disk and shared network.
- It decrypts malicious dll present in the file and drops it
- This dll performs malicious activities and collects system information & sends it to a CNC server

4.4. W32.Ramnit.A

- Method of propagation: USB drives, other malware, exploit kits, URLspoofing, and bundled applications
- This malware has several components embedded within it;after installer is dropped or downloaded, it drops its various components in memory or disk;
- Each component has specified task
- This will also speed up the process of infection
- It infects all running processes
- It also infects HTML files by appending script in it while in the case of PE file infection it appends itself in the file
- It modifies registry entries to ensure its automatic execution at every system start up

4.5. VBS.Dropper.A

- Method of propagation: Web page
- This malware spreads via malicious web pages
- A web page contains embedded PE file
- It drops that PE file to specific folder and launches that to perform malicious activity

4.6. LNK.Exploit.Gen

- Method of propagation: bundled software and freeware
- It is a destructive Trojan virus that could hide in spam email attachments, malicious websites and suspicious pop-ups
- This kind of virus can be installed on windows systems by using illegal browser extensions
- It changes some of the system files without the user knowing about it; next time the user launches the windows system, this virus will run in the system background and spy on their activities
- In order to redirect the user to dubious websites, the virus modifies system hosts file and hijacks the IP address

4.7. Worm.AUTOIT.Tupym.A

- Method of propagation: Malicious links in instant messenger
- Malware drops file in system32 folder and executes it from dropped location
- It connects to malicious website, also modifies start page of browser to another site through registry entry
- Also creates run entry for same dropped file for persistence

4.8. W32.Sality.U

- Method of propagation: 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
- Tries to terminate security applications and deletes all files related to any security software installed on the system
- Steals confidential information from the infected system.

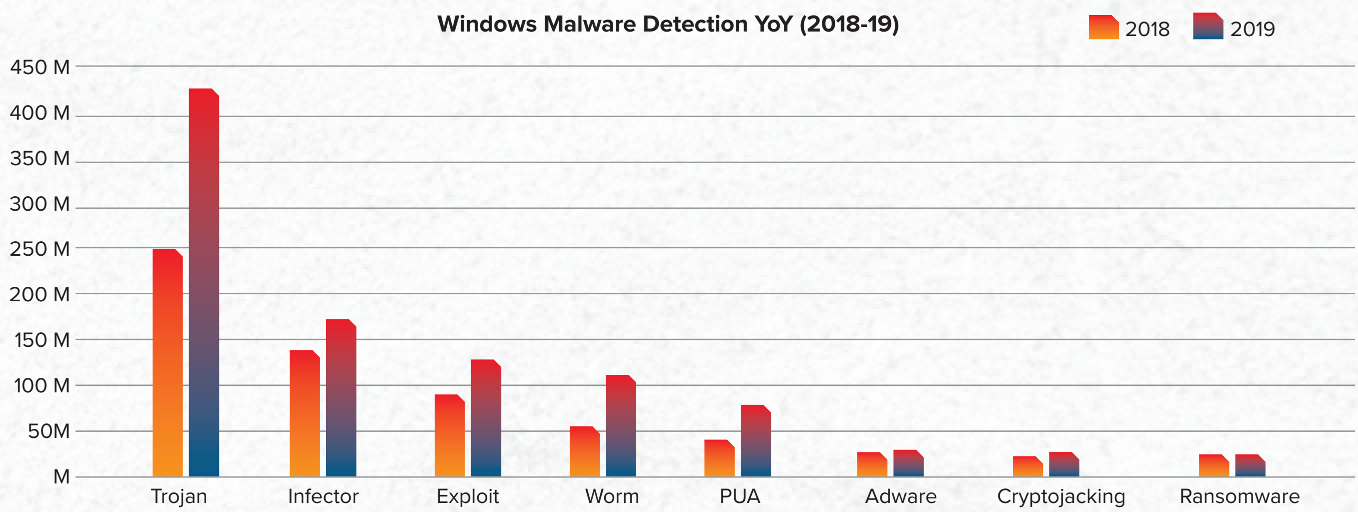
4.9. Worm.AutoIt.Sohanad.S

- Method of propagation: Spreads through mails, IM apps, infected USB and network drives
- It enters the computer through messaging apps, infected USB or network
- It has the ability to spread quickly
- After arrival it creates copy of itself as exe with typical windows folder icon
- User mistakenly executes this exe assuming it as a folder and then it spreads over network
- It infects every connected USB drive too

4.10. LNK.Browser.Modifier

- Method of propagation: Bundled software and freeware
- Injects malicious codes into the browser which redirects the user to malicious links
- Makes changes to the browser's default settings without user knowledge
- Generates ads to cause the browser to malfunction
- Steals the user's information while browsing, like banking credentials for further misuse

Total Malware detection trend in 2019 vs. 2018:



Source: QHTL Annual Threat Report 2020

5. Cybersecurity Trends & Predictions

5.1. Cybersecurity Trends

Cybercriminals are using more advanced and scalable tools to breach user privacy, and they are getting results. Quick Heal detected 930 Million threats in 2017, and more than 970 Million threats in 2018.

Quick Heal has detected and blocked over 1 Billion known and unknown threats targeting Indian consumers in 2019, accounting to over 2.9 Million detections on a daily basis. Consumers in Maharashtra and the Delhi-NCR region were targeted the most, with 38 Million and 25 Million detections, respectively. West Bengal, Karnataka, and Gujarat rounded off the top five states with the most threat detections. Users residing in New Delhi – which saw more than 24 Million threat detections in 2019 – were once again identified as the most lucrative target for cybercriminals. Other top Indian cities, besides New Delhi, with the most threat detections include Mumbai, Bengaluru, Kolkata, and Pune.

Security researchers at Quick Heal revealed that cybercriminals used complex methodologies with the aid of advanced technologies to prevent easy detection of cyber-attacks. Smartphones emerged as one of the most vulnerable digital devices. Hackers attempted to steal sensitive data in 2019 by targeting popular apps such as WhatsApp to deploy spyware and malware.

Amongst other interesting trends highlighted in the Seqrite Annual Threat Report 2020 was the growing sophistication of malware attacks. Open-source tools, for instance, were used to drive the success of Emotet and Phobos ransomware campaigns, while BlueKeep-based RDP attacks have also grown due to the availability of freely-available exploit kits on popular exploitation frameworks.

More alarming, however, was the continued lack of security awareness amongst enterprises and government organisations. Unsecured Remote Desktop Protocol (RDP) and Server Message Block (SMB) protocols continued to be targeted through brute-force attacks. Spear phishing attack campaigns leveraging office exploits and infected macros were also used extensively by cybercriminals to gain access to enterprise networks and steal critical data.

5.2. Cyberthreat Predictions for 2020

As new advances in AI-driven technologies evolve, utilising AI in cyber-attacks will become an even more popular and dangerous trend. Attackers are predicted to leverage a lot of AI in building a Guerrilla warfare strategy to maximise the impact of their attacks and throw cyber defences off-balance. Legacy and new attack tactics are predicted to occur in 2020. Quick Heal sees following kind of cyberattacks to rise in 2020:

5.2.1. Increase in Web Skimming Attacks

Magecart proved to be a prominent web skimming attack in 2019 as well, with thousands of websites compromised to deliver skimming code. Similar to Magecart, Pipka is another web skimmer which has recently emerged having self-deleting code abilities. We suspect that skimming attacks are set to increase in 2020, as we see a huge number of hits for these attacks at this point in time.

5.2.2. Look out for more Bluekeep-like Wormable Exploits

Until now, publicly available exploit codes for Bluekeep could only achieve DoS attacks on the victim machine, but it's only a matter of time that attackers will figure out ways to exploit the vulnerability to its full potential and perform more severe attacks like delivering trojans and ransomware - authors of the latter are constantly on the lookout for such wormable exploits, as it makes lateral movement easier.

5.2.3. Deepfakes to Cyber-frauds

Deepfakes are fake/manipulated video or audio clips of a person, created using deep learning technology. This can be used to create fake news and even carry out cyber frauds. A company's CEO featuring in a deepfake video asking colleagues or employees to transfer funds is a classic example of deepfake video.

5.2.4. APT attacks on Critical Infrastructures

The recent APT attack on Kudankulam Nuclear Power Plant has emphasised on the significance of security of the critical infrastructure. We may witness a rise in such APT attacks on the critical public infrastructure like transportation networks, power plants, telecommunication systems, etc. Such attacks can function in hiding for days, even months, stealing very large chunks of data before being detected.

5.2.5. Increase in Threat Landscape because of 5G

With 5G network, everything from your car to refrigerator will now have access to high-speed connectivity. This will, in turn, create more exposure to attacks and more potential entry points for attackers. Threat actors, organisations & institutions will have a larger landscape to monitor and the growth of the confidentiality and privacy threats will be unprecedented. Also, the main functions of 5G depend on software rather than the hardware which leaves it vulnerable to malicious attacks.

5.2.6. Attacks against Windows 7 to increase

Since Microsoft is ending its support for Windows 7 from January 14, 2020, technical support and software updates from Windows will no longer be available for users. In the last quarter, we saw 67% of attacks on Windows 7 itself, which will increase all the more in 2020 because securityupdates will not be available for Windows 7.

5.2.7. Increased use of LOLBins

Cybercriminals will increase the use of 'Living Off the Land' techniques to bypass traditional security tools and application whitelisting. They may adopt new techniquesto bypass behavioural-based detections.

5.2.8. Increase in Office Macro-based Attacks Over Office Exploits

As Microsoft has taken many steps to block MS Office exploits in the newer version of Windows, it is hard to execute exploit code on Windows. Moreover, exploits are specific to application versions, but Macros will execute in all versions of MS Office. There are many open source obfuscator and Macro generation tools freely available to create a Macro-based payload. Many security vendors are also blocking a Macro execution but Excel Macro 4.0 is freely available to bypass these techniques.

5.2.9. Ransomware to Darken the Cloud

Apart from attacks on individual computers and critical infrastructure, ransomware will be directed towards the fairly nascent concept of data stored on the cloud. Cloud infrastructure has vulnerabilities which, perhaps, the attackers are aware of but aren't brought to the attention of respective cloud technology developers. Hackers will ensure exploiting the cloud to steal copious amounts of data.

6. Recent Prominent Cyber Threats That Shook the World

6.1. First American

Potentially the second-biggest data breach in history took place at the largest real estate title insurance company in the United States, First American. At nearly 900 Million compromised records, it falls in line only behind Yahoo!'s hack in 2013 that impacted 3 Billion accounts.

The ongoing data leak at First American reportedly involved mortgage documents dating back to 2003 and included personal identifying information, bank account numbers, driver's licenses, social security numbers, tax records and other stolen information.

What makes the massive leak unique is that it wasn't discovered by tech-savvy security experts, but by a real estate developer, Ben Shoval. By merely changing a single digit in the URL, he noticed he could access sensitive documents belonging to others. Making the incident even more egregious is that he first tried bringing it to the attention of First American which ignored his warnings. Knowing the gravity of the issue, he then reported it to Brian Krebs, an investigative journalist specialising in cybercrime.

6.2. Facebook

While still reeling from the fallout of the Cambridge Analytical scandal that was discovered in 2018, Facebook confirmed in

April'19 that more than 540 Million records showed up in plain sight after accidentally being posted publicly as plain text on Amazon's cloud computing servers.

Then in September'19, despite Facebook's announcement that it was making security improvements by restricting access to data, 419 Million records including unique Facebook IDs and phone numbers were found to be unprotected by any password at all. This latest incident increases the risk of spam calls and SIM-swapping attacks on users' smartphones — a tactic that relies on tricking cell carriers to transfer phone numbers to a hacker.

6.3. Malware attack on Kudankulam Nuclear Power Plant (KKNPP)

On October 20, authorities confirmed that India's largest nuclear power station in Kudankulam fell victim to a cyber spy attack, by the North Korean hacker group-Lazarus. They were allegedly willing to grab information on thorium-based reactors, an alternative to uranium. However, The National Power Corporation of India (NPCI) initially denied the news but later admitted that one of the computers may have been sabotaged. The malware 'Dtrack' took advantage of the loopholes in security systems. The attack on KKNPP reflected that a multi-layered defence system is required to shield from the new trend of 'cyberattacks'.

6.4. Indian Journalists andActivists Spied on by Israeli Spyware Pegasus

Scores of academicians, lawyers, activists and journalists in India were informed by WhatsApp that they were under scrutiny, which sparked a furore among them.

WhatsApp alleged that the NSO Group built and sold a hacking malware that took advantage of a flaw in the servers. The spyware, called Pegasus helped government spies to hack into phones of around 1,400 users, spread across four continents. Pegasus allowed spies to remotely access everything on the phone. But after the news of cyberattacks rolled out in May, WhatsApp announced updating new security features to their systems.

6.5. Hack Attack on Indian Healthcare Websites

Indian-based healthcare websites became a victim of cyber-attack recently in 2019. As stated by US-based cybersecurity firms, hackers broke in and invaded a leading India-based healthcare website. The hacker stole 68 lakh records of patients as well as doctors.

6.6. Attacks in Co-operative Banks using COVID-19 as a Bet

While the entire world was busy fighting COVID-19 pandemic, cybercriminals have latched onto the opportunity and used the theme to propagate numerous cyber-attacks. The latest in line is a targeted attack against co-operative banks in India. In April 2020, Quick Heal Security Labs observed a renewed wave of Adwind Java RAT campaign, whose primary target seems to be co-operative banks. These banks are usually small in size and may not have a large team of trained cybersecurity personnel, which, potentially, has made them a target for cybercriminals.

As with a large percentage of COVID-19 related cyber-attacks, this recent Java RAT campaign also starts with a spear-phishing email. In this case, the email claims to have originated from either Reserve Bank of India or a large banking organisation within the country. The content of the email refers to new RBI guidelines or a transaction, with detailed information in an attached file, which is a zip file that contains a malicious JAR file. Use of document file extensions (e.g. xlsx, pdf, etc.) in the name of the attachment, results in it appearing as an excel document or a PDF file, thus luring unsuspecting users into opening it. The JAR file is Remote admin Trojan that can be run on any machine installed with Java including windows, Linux, and Mac.

Once the user opens the attachment, this JAR file transforms into a Remote admin tool (JRat) which can perform various malicious activities such as keylogging, capturing screenshots, downloading additional payloads, and getting user information.

7. Digitalisation Journey of India

India's ever-growing tech-savvy population of over 500 Million internet users, 1.2 Billion mobile phone connections and over 450 Million smartphone users acts as a fulcrum to its rapid digital transformation journey. India is largest internet market only second to China with over 500 Million Internet users. This user base is expected to grow to 650 Million by year 2023. Despite such large user base the overall internet penetration in the India is at 50% which was 27%, 5 years ago. Looking at the current trends it is estimated that internet users will grow by 40% to between 750-800 Million and smartphone users will double to between 650-700 Million by 2023. This in turn reveals us that India is truly on its rapid digitalisation journey.

India in Numbers

500 Million+
Internet users

450 Million+
Smartphone users

1 out of every 3
Indians watch online video

Source: Think with Google, India. How 3 Indian brands used online video to drive business results.
October, 2019: Think with Google, India. A new brand of smartphone shoppers, December, 2019.

UPI transactions exceeded those of debit and credit cards in both value and volume. Unsurprisingly, merchants accepting UPI payments surged to over 10 million in the last two years.

Source: Google Internal Data, India, January to November, 2019 vs January to November, 2018
KPMG Report, Fintech in India – powering mobile payments, August, 2019.

Some Recent Developments and trends show India is on its way to becoming a truly connected nation by 2025

- As of January 2020, more than 542 banks have been permitted to provide mobile banking services in India
- As per report by Ericsson, India has the world's highest data usage per smartphone at an average of 9.8 GB per month

Government Initiatives

- The government has fast-tracked reforms in the telecom sector and continues to be proactive in providing room for growth for telecom companies
- By March 2020, the government aims to achieve 45 Billion digital transactions for banks with the help of PoS machines, transactions enabled and merchants, which have been added in firms
- The Department of Information Technology intends to set up over 1 Million internet-enabled common service centres across India as per the National e-Governance Plan
- FDI of up to 100% is permitted for infrastructure providers offering dark fibre, electronic mail and voice mail
- The government of India has introduced Digital India programme under which all the sectors such as healthcare, retail, etc. will be connected through internet

Digitalisation Journey of Enterprises

All over the world, enterprises are digitalising operations in different way, including, design improvement, operational improvement, engineering as well as maintenance improvement. The trend of increasing spend on digitalisation is for the ultimate goal of staying ahead of the curve and increasing the end-to-end efficiency of the enterprise.

In India, government initiatives such as Make in India has put the country as a manufacturing hub on world map. Other government initiatives such as Smart Cities and Digitalisation of India has increased focus on automating processes driven by Internet of Things (IoT) which allows enterprises to be agile and flexible.

Post COVID-19 India is expected to see accelerated digitalisation to bring back the growth to normal. Hard hit MSME will learn from their losses during lockdown as their operations weren't digitalised and this will lead to accelerated digitalisation across the industries and sectors.

Rapid digitalisation and increased use of IoT across the platforms will call for securing online data which will be open to hacks and data breaches due to digitalisation.

Source: Bloomberg Quint, Ibef.org, Statista, Economic times, Business Today, Google Report: Insights for Brands

8. Future Opportunities

8.1. Micro, Small and Medium Enterprises to be the Growth Engine

Micro, Small and Medium Enterprises (MSMEs) are amongst the strongest drivers of economic development, innovation and employment. The MSME sector also contributes in a significant way to the growth of the Indian economy with a vast network of about 63.38 Million enterprises. The MSME sector is crucial for the Indian economy as it accounted for 31.8% of GDP during Financial Year (FY) 2016-17 and 48.1% of the total exports during FY 2018-19, while employing around 11.1 Crores workers, which in terms of volume stands next to agricultural sector.

MSME enterprises forms considerable part of Enterprise revenue and Quick Heal has captured considerable market in this segment since our foray into Enterprise business. We will to continue to tap MSME enterprises as we endeavour to capture the larger part of the MSME Market.

Even though in short term we see MSME facing some issues due to COVID-19 and the lockdown across India which will impact our growth in this segment adversely but in medium to long term we feel MSME will continue to be growth engine for the Quick Heal.

8.2. Cybersecurity to Play Crucial Role as Enterprises Embrace Remote Work Culture

COVID-19 pandemic forced all the enterprises where possible to allow employees to work from home and this has caught many such enterprises off guard. Specifically, in India we have seen enterprises struggling to add last minute security features to employees' laptops and phone which are not adequate. This was one of the important lessons for the enterprises who were not flexible in their working style and are now planning to become a flexible work environment company. This trend has led to number of companies increasing their cybersecurity spending budget in times when other expenditure items are being scaled back or put on hold.

8.3. Mobile Security

Work from home or work on the move culture is picking up across the world in recent years which involves considerable part of work done on mobiles and tablets. This trend makes mobile devices critical and integral part of the business, but it is also seen that enterprises are growing increasingly concerned about this overlooked area of their security strategies and therefore mobile security is seen going up the ladder in list of the top of the priorities for enterprises.

On the retail part, the sheer convenience of shopping and banking with mobile phones has made it an exceedingly popular device for digital transactions. According to a KPMG report, digital payments are estimated to witness a CAGR of 12.7% in the number of non-cash transactions by 2021. The growth is being driven by India which will see a growth in non-cash transactions of 20% by 2023, far higher than the United States, the United Kingdom, China and Japan.

Digital payments in India received an impetus from the introduction of the Unified Payments Interface (UPI) in 2016 which enabled mobile apps to instantly transfer money between bank accounts. Since then, mobile payment wallets have dominated the landscape. But attackers are cognizant of the fact that users of mobile payment applications store all their financial data within these apps which make these great targets for identity thefts.

With such rapid digitisation and mobile become integral part money transfer and other banking services we have seen attacks targeting mobile devices in 2019.

Quick Heal has a portfolio of mobile security solutions for enterprise as well as for retail customers and we see this becoming a considerable part of our business in future.

8.4. Internet of Things to Increase the Importance of Cybersecurity

With 5G network soon to be a reality in India, everything from your car to refrigerator will now have access to high-speed connectivity. This will in turn create more exposure to attacks and more potential entry points for attackers. Threat actors, organisations and institutions will have larger landscape to monitor and the growth of the confidentiality and privacy threats will be unprecedented. Also, main functions of 5G depend on software rather than hardware which leaves it vulnerable to malicious attacks. This is expected to create more demand for the cutting-edge cybersecurity products.

Quick Heal is working on the cutting-edge technology products which will secure our customers from such attacks.

9. Operational Overview and Financial Overview

9.1. Business Overview

Overview:

Quick Heal 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, we propel on innovation as it enables us to deliver the most relevant cybersecurity and data protection solutions to our customers. Our products and 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.

Products:

Retail segment

Quick Heal is a dominant player in the Indian retail segment with a strong market leadership position. FY 2019-20 was challenging for retail segment due to overall slowdown in the economy coupled with some headwinds on the distribution side. COVID-19 worsened the overall condition for us as we were not able to distribute our products to our channel partners following disruption in transport and logistics due to lockdown. We did see some pick up in online purchase from customers which was not enough to offset impact of lockdown.

We are witnessing digitalisation happening across the country with the rise in internet consumption and penetration. Quick Heal has a wide range of products of solutions that are in line with the consumer requirements. Our extensive distribution network and backed by 9 Million endpoints enables us to understand the ever-evolving threat landscape and devise solutions as per the changing consumer behaviour.

We continue to focus on strengthening our leadership position and and grow our retail base to further expand our market reach.

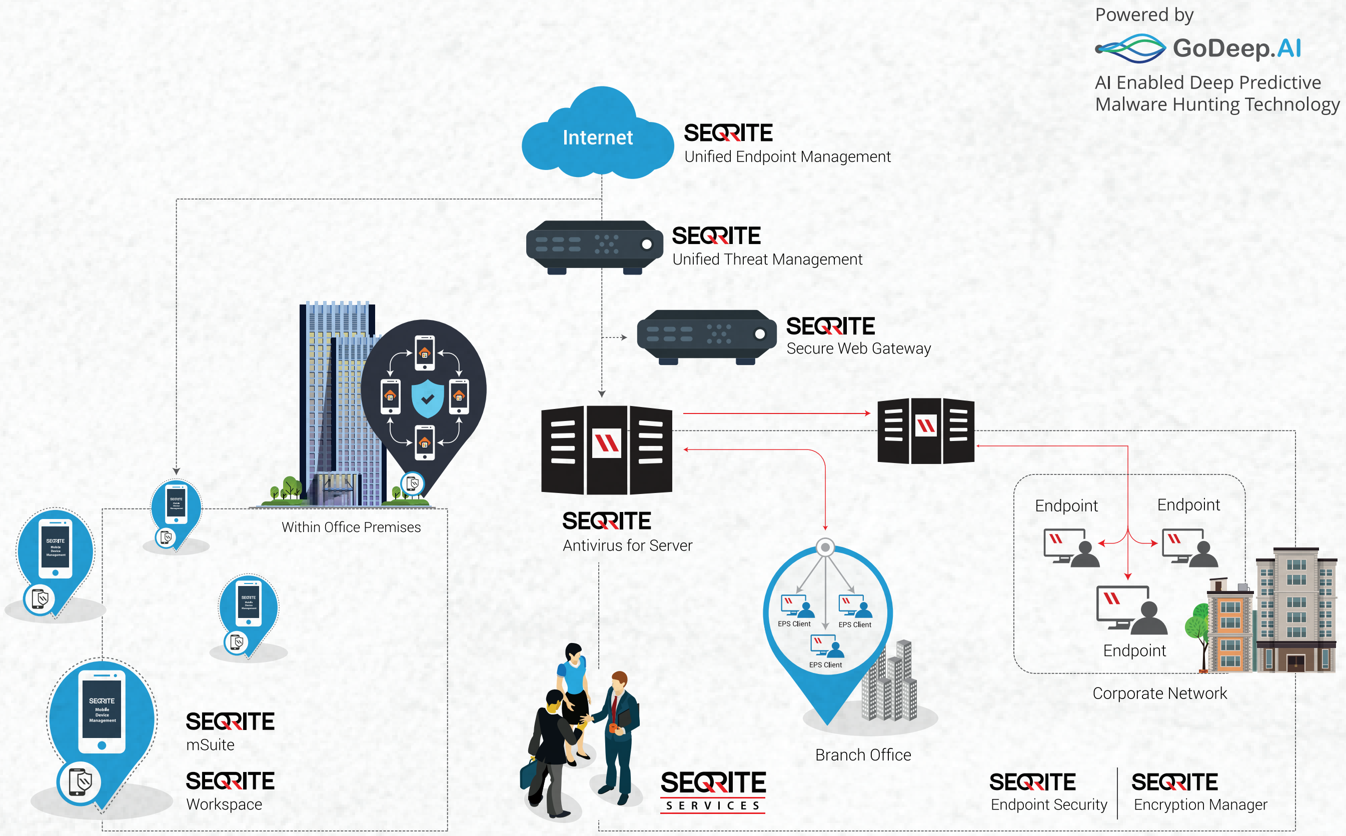
Enterprise Segment & Government Segment

Enterprise Segment

Our enterprise business is majorly driven by small and medium enterprises while we continue to expand our market in the mid and large size segment. With overall slowdown in the economy, credit crunch for the small and medium enterprises, coupled with COVID-19 crisis in last quarter has impacted our enterprise business severely in FY 2019-20. We saw overall customer acquisition taking a hit in FY 2019-20 due to several reasons mentioned above.

Government Segment

Under the government segment, the government of India has issued a circular to all the government departments to give preferential treatment to cybersecurity products and solutions made in India. While this works in our favour, the overall implementation remains poor. We expect this business to pick up with an uptick in the implementation of this framework.



Strong and Diversified Channel Network

Working closely with the channel partners is a key priority for us. Over the years, we have built our channel program into a strategic asset for the organisation and our partners, Our retail channel partner base is arguably the biggest in India supported by our physical presence across the country. During the year, we continued to focus on penetrating tier II and tier III towns and further expand our reach. On the enterprise side, we are working on expanding our channel partner to increase our reach and penetration in this segment.

Our sales team works closely with our channel partners to identify evolving needs of our customers and get feedback on our current products. This helps us to innovateand bring solutions in line with the market requirements and stay be ahead of the curve.

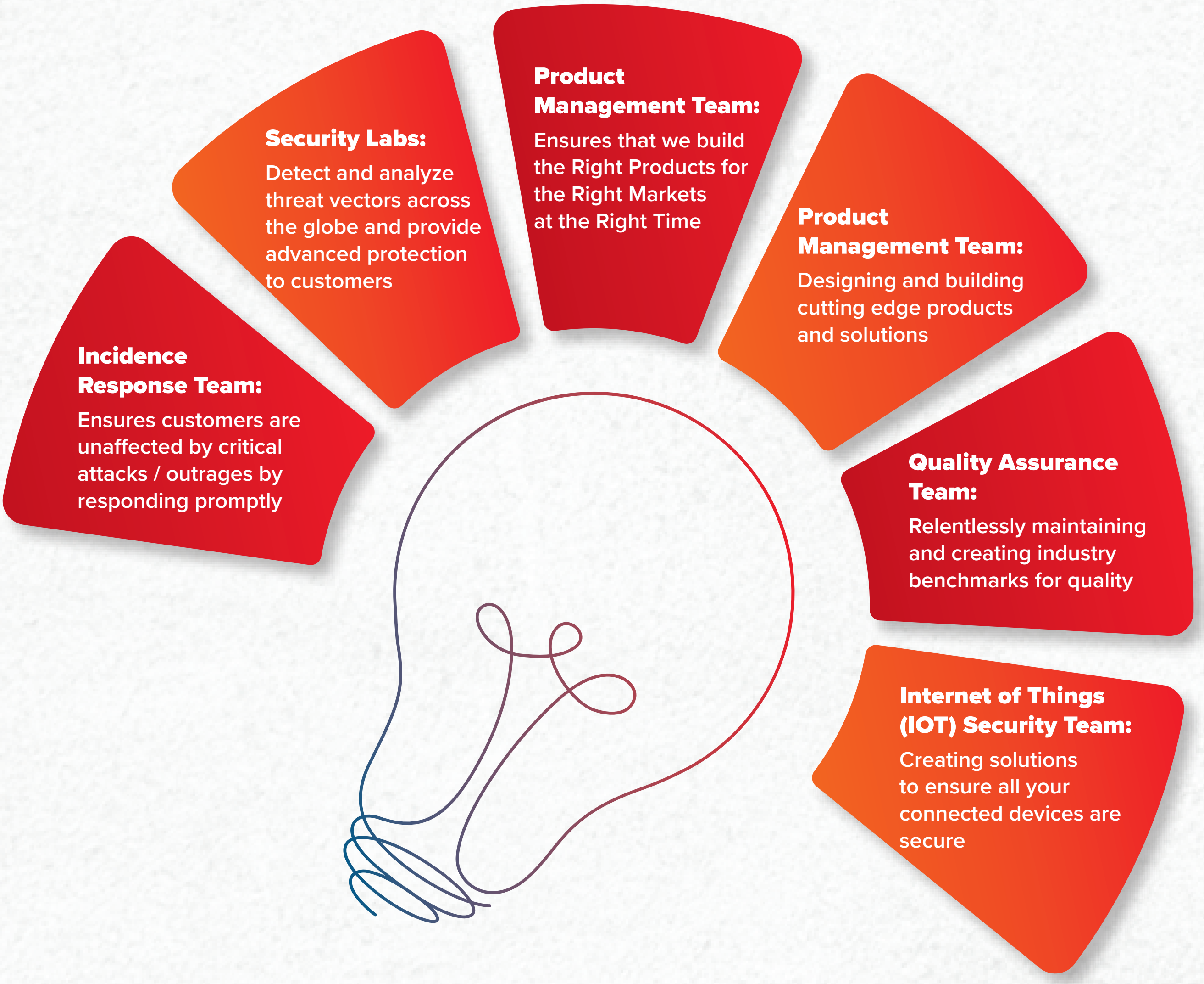
We also train our channel partners to assist our customers with technical information, related assistance.

Research and Development

Our R&D team helps up immensely to achieve our objective to keep pushing the envelope on the technology front to secure our customer at every step. It is our growth engine which helps us deliver best-in-class products and solutions to our customers.

We endeavour to be one of the most valued security partner for customers and secure their data wherever it lives. We are also continuously working to upgrade our products with new features and better technology to keep our customer out of harms reach. Our latest patented GoDeep.AI technology is testament to our continuous efforts to upgrade our products. GoDeep.AI technology power Signature less and Signature based detection. This reduces false detection and secures our customers from unknown threats. In FY 2019-20 we invested ~19% of our revenue in R&D.

Our R&D team is further divided into various teams that address varied areas of Research & Development:



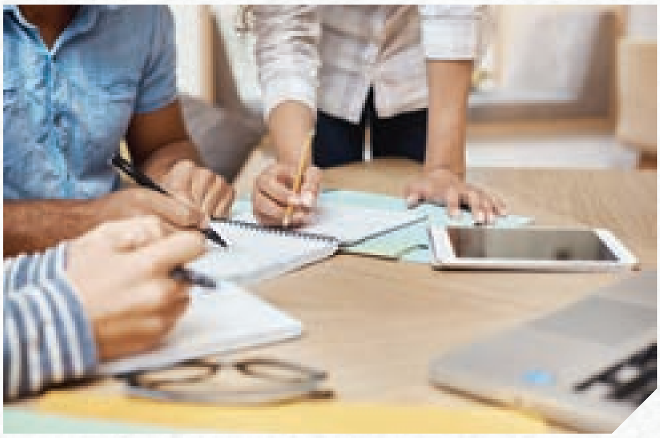
Customer Support

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 websites. These provide information on technical specification's, installation guide, upgrade mechanisms along with release of various articles, technical papers, quarterly threat reports and conducting webinars in the area of security software.

9.2. Human Resource

Human resource management practices and processes play an active role at Quick Heal. The HR function is responsible for institutionalising the values amongst the employees through robust foundation architecture, organisational effectiveness and strong winning culture. We nurture our employees for the long run though a structured role architecture and job responsibilities. Our workforce planning and segmentation further help our employees evolve in their career progressions. This leads to high performance culture and brings in a sense of maturity to handle larger responsibilities and further accelerate into leadership roles.



10. Financial Overview

Revenue From Operations

Revenue from operations declined to ₹ 2,861.38 Million in FY 2020 as compared to ₹ 3,149.26 Million in FY 2019. The retail and enterprises & government segments accounted for 80% and 20% of the revenue respectively.

The lockdown imposed from March 2020 due to COVID-19 pandemic severely impacted the business of the Company. As a result of the lockdown, the Company was not able to physically despatch the products to its retailers since transportation of goods was not possible and this affected the revenue of the Company in the last quarter of the year.

The number of licences sold by the retail and enterprises and government segments, stood at 4,673 thousand and 978 thousand respectively, registering de-growth over previous year.

Other Income

Other income represents income covering heads like interest on bank deposits, dividend income on investments, gain on value of investments, gain on sale of assets and miscellaneous income, etc. This income was ₹ 315.96 Million for FY 2020 as compared to ₹ 326.67 Million for FY 2019, a decline of 3.3%.

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 ₹ 75.11 Million in FY 2020 as compared to ₹ 106.50 Million in FY 2019.
2. The total income earned from investments during the year amounted to ₹ 162.56 Million as compared to ₹164.96 Million in previous year. The impact of reduction in investment was largely offset by better returns and change in the mix of the investments during the year.
3. Miscellaneous income amounted to ₹ 65.60 Million for FY 2020 as compared to ₹ 28.86 Million for FY 2019, an increase of ₹36.74 Million. This was mainly on account of rental income earned from the temporarily letting out of some part of the property.

Operating Expenses

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

Employee benefits expenses

The Company's Employee benefits expenses amounted to ₹ 1,014.19 Million in FY 2020 as compared to ₹ 988.51 Million in FY 2019, an increase of 2.6%. The total number of employees declined to 971 as at the end of FY 2020 compared to 1,037 as at the end of FY 2019. The resource pyramid was aligned with the growing needs of overall business which has resulted in marginal reduction in the overall employee count. There was also higher usage of outsourced services to take care of the changing business requirements.

Of the above, R&D employees formed the largest part, being at 34.5% of the overall numbers, followed by Sales & Marketing at 29.7%, Technical Support at 21.0% and balance 14.8% of employees belonging to various enabling and other support functions.

Web Publishing Charges

The Company's Web Publishing Charges were ₹ 18.08 Million in FY 2020 as compared to ₹ 16.45 Million in FY 2019, an increase of 9.9%. The small increase in value was mainly on account of increase in release of updates during the year.

Technology subscription charges & fees for technical services

Technology subscription charges & fees for technical services stood at ₹ 64.55 Million in FY 2020 as compared to ₹ 81.98 Million in FY 2019. 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 continued to optimise this overall cost. Such cost is charged off by the Company.

Rent

The Company's rent expenses amounted to₹ 15.66 Million in FY 2020 as compared to ₹ 14.93 Million in FY 2019, an increase of 4.9%.

Rates and Taxes

The Company's rates and taxes amounted to ₹ 8.89 Million in

FY 2020 as compared to ₹ 12.88 Million in FY 2019, a decline of 31.0%. This was mainly on account of some one time costs incurred in earlier year in the form of interest costs for income tax payment and other small amount of disallowances.

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 amounted to ₹ 4.55 Million in FY 2020 as compared to ₹ 5.74 Million for FY 2019, a decline of 20.7%. The decline was mainly on account of better negotiations of insurance premiums with various insurance service providers.

Repairs and maintenance

The Company's total repairs and maintenance expenses amounted to ₹ 26.81 Million for FY 2020, as compared to ₹ 30.18 Million in FY 2019, a decline of 11.2%. This was mainly on account of steps taken towards consolidation and centralisation of offices at few places

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 increased to ₹ 171.67 Million for FY 2020 from ₹ 76.25 Million for FY 2019, an increase of 125.1%. The increase was largely on account of various dealer meets conducted by the Company for its esteemed dealers across PAN India as well as at overseas locations. In order to promote its business, the Company intends to do these activities on a regular basis in future years.

Advertising expenses amounted to ₹ 142.41 Million in FY 2020 as compared to ₹ 219.34 Million in FY 2019, a decline of 35.1%. The decrease in these expenses was on account of change in strategy of doing advertisements and promotions in line with the business requirements. During the year, the Company opted out of some of major advertisement ventures which was part of this spending in FY 2019. Further, the change in strategy was also led by the major impact of Global pandemic COVID-19 in the quarter of FY 2020 where some of these activities are likely to be conducted in the next year.

Travelling and Conveyance Expenses

The travelling and conveyance amounted to ₹ 29.83 Million in FY 2020 as compared to ₹ 31.15 Million for FY 2019, a decline of 4.2%. This marginal reduction is in line with the business requirements.

Communication Expenses/Office Expenses

Communication expenses amounted to ₹ 60.27 Million for FY 2020 as compared to ₹ 57.74 Million for FY 2019, an increase of 4.4%. The increase in this cost was mainly on account of increase in cost for the few of lease lines.

Office expenses increased to ₹ 39.17 Million for FY 2020 as compared to ₹ 35.68 Million for FY 2019, an increase of 9.8%.

These changes were mainly on account of annual increase in contracted values and restructuring of our company offices and go-downs in FY 2020.

Legal and professional fees

The Company's legal and professional fees for FY 2020 was ₹ 97.83 Million as compared to ₹ 56.81 Million for FY 2019, an increase of 72.2% over the previous year.

The increase was mainly on account of Professional fees paid to various consultants and fees to statutory authorities for Buy Back of equity shares of the Company. There was also an increase in fees paid for manpower outsourcing and professional fees paid for a few of the inorganic activities.

Provision for Doubtful Debts and Advances/Bad Debts Written Off

During the year, the provision for doubtful debts and bad debts was provided for ₹ 64.11 Million as compared to ₹ 20.55 Million for FY 2019. Owing to COVID-19 pandemic situation, there is an overall liquidity pressure in the market. The Company has evaluated the debtors' position and out of abundant precaution, the Company has made an additional provision for the outstanding from few of its dealers where collectability was doubtful.

Miscellaneous Expenses

During the year, the miscellaneous expenses came down to ₹ 16.72 Million in FY 2020 as compared to ₹ 22.03 Million in FY 2019, a decrease of 24.1%. There was a one-time cost for brokerage fees paid in the earlier year.

Earnings Before Interest,Tax, Depreciation and Amortisation (EBITDA)

EBITDA (excluding other income) was ₹ 913.92 Million for FY 2020, as compared to ₹ 1,279.01 Million for FY 2019, a de-growth of 28.5% on Y-o-Y basis. EBITDA margin came in at 31.9% for FY 2020, compared to 40.6% for FY 2019.

The decrease in EBITDA was mainly on account of reduction in sale in the last quarter of the year as a result of COVID-19 pandemic and also due to an increase in some of the expenses as mentioned above.

Interest

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

Depreciation

Depreciation expense amounted to ₹ 216.77 Million for FY 2020 as compared to ₹ 235.49 Million for FY 2019, a decline of 7.9%. 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 amounted to ₹ 744.11 Million for FY 2020 as compared to ₹ 918.24 Million in FY 2019.

Equity

Total equity decreased to ₹ 642.03 Million on March 31, 2020, as against ₹ 705.63 Million as on March 31, 2019. This decrease reflects share buyback of 63.64 Million shares which was completed in June 2019.

Retained Earnings

During the year, Retained Earnings increased to ₹ 4,707.81 Million as on March 31, 2020 as compared to ₹ 4,418.83 Million as on March 31, 2019. This increase reflects, ₹ 288.98 Million of PAT, adjusted for the final and interim dividend (Including dividend distribution tax) of ₹ 464.86 Million paid during the year.

Property, Plant and Equipment (PPE) and Intangible assets

During the year, PPE (excluding CWIP) balances decreased to ₹ 1,485.09 Million as of March 31, 2020 from ₹ 1,570.04 Million as of March 31, 2019. The reduction was mainly on account of depreciation charged for the year and some additions to fixed assets during the year. Intangible assets increased to ₹ 99.81 Million as of March 31, 2020 from ₹ 77.08 Million as of March 31, 2019, mainly on account of purchase of some of the software's required for Research and development related activities.

Non-Current Financial Assets

The investment under non-current financial assets as on March 31, 2020 stood at ₹ 353.32 Million as compared to ₹ 296.23 Million as on March 31, 2019. The increase was mainly on account of investments in mutual funds and an investment of ₹ 21.80 Million made by Company in L7 defence during the year.

Income Tax Assets (Net)

The income tax assets (net), as on March 31, 2020, were ₹ 167.92 Million as compared to ₹ 45.54 Million on March 31, 2019.

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 March 31, 2020, the total investment stood at ₹ 2,745.22 Million, as compared to ₹ 3,602.17 Million as on March 31, 2019, showing a decrease of 23.8% in the Company's treasury size. This reduction was on account of utilisation of cash for buy back of equity shares of the Company.

Trade and Other Receivables

The trade and other receivables stood at ₹ 1,131.62 Million, as of March 31, 2020, compared to ₹ 1,250.52 Million as on March 31, 2019. The receivables days remained at 136 days as on March 31, 2020 as compared to 138 days as on March 31, 2019.

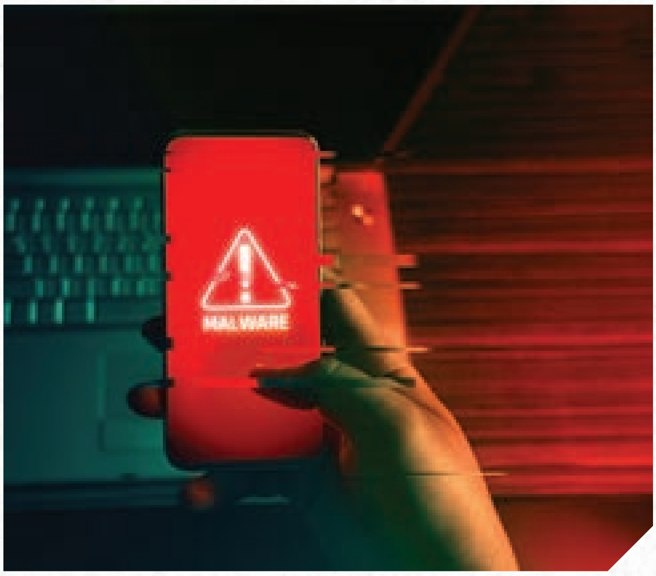
The Company continues to focus on collection however considering the fact that retail business is stock and sale mode, the receivable days are expected to remain in this higher range going forward.

Other Current Assets

The Company's other current assets amounted to ₹ 24.13 Million as of March 31 , 2020, as compared to ₹ 44.74 Million as on March 31, 2019. In the last year, the Company had paid a higher amount of advances to its suppliers of goods and services in the last month of the year.

Dividend

Total dividend paid in the FY 2020 was ₹ 464.86 Million vs ₹ 252.42 Million in FY 2019. Dividend paid in FY 2020 comprises of interim dividend of ₹ 4 per share for FY 2020 and final dividend of ₹ 2 per share for the year 2018-19.



11. Risks & Concerns

11.1. Rapidly Evolving Market Needs and New Technology Developments

Every other day we read news related to cybersecurity threats like ransomware, phishing, or IoT-based attacks. However, 2020 comes with a whole new level of cybersecurity threats that businesses need to be aware of.

In the coming years, organisations will face cyber threats under three key themes:

Disruption: Over-dependence on fragile connectivity will increase the risk of premeditated internet outages that compromise business operations. Cyber criminals will use ransomware to hijack the Internet of Things.

Distortion: Spread of misinformation by bots and automated sources will cause compromise of trust in the integrity of information.

Deterioration: Rapid advances in smart technologies and conflicting demands posed by evolving national security will negatively impact an enterprise's ability to control information. Cybersecurity is all about staying ahead of threats rather than managing them later.

As our customers faces a barrage of cyberattacks, with the nature of the attacks growing in sophistication, it has become difficult day by day to pinpoint the vulnerabilities. The bad actors are becoming smarter and more coordinated with dark industry becoming very much organised. As the threats are ever evolving, 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 2019-20, the R&D investments made by the Company were around 19% of total revenues respectively. It has a strong R&D team of approximately 340 people of total employee strength working on identifying new threats and devising new solutions and features across retail and enterprise & government segments.

11.2. 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 and technical support, should give us competitive edge over competition.

11.3. 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.

11.4. 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 average 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 1,000+ sub distributors. The sales automation initiative is also helping us to get real time picture and monitor the stock level at each distributor.

11.5. 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.

12. 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.

13. 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 2019-20.

NOTICE

Notice is hereby given that the 25th Annual General Meeting of the Members of **Quick Heal Technologies Limited** will be held on Tuesday, August 11, 2020 at 11:00 A.M. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. **Adoption of Annual Accounts:**

   To consider and adopt (a) the audited standalone financial statements of the Company for the financial year ended March 31, 2020 and the reports of the Board of Directors and Auditors thereon; and (b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2020 and the report of Auditors thereon and in this regard, pass the following resolutions as **Ordinary Resolutions:**

   (a) **"RESOLVED THAT** the audited standalone financial statements of the Company for the financial year ended March 31, 2020 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, 2020 and the report of Auditors thereon laid before this meeting, be and are hereby considered and adopted."

2. To consider interim dividend declared and paid during the year as final dividend for the financial year ended March 31, 2020.

3. **Director's retirement by rotation and re-appointment:**

   To appoint a director in place of Mr. Kailash Katkar (DIN: 00397191), who retires by rotation and, being eligible, offers himself for re-appointment, pass the following resolution as **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013 and Articles of Association of the Company Mr. Kailash Katkar (DIN: 00397191), 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 Managing Director and Chief Executive Officer of the Company."

SPECIAL BUSINESS:

4. **Re - Appointment of Ms. Apurva Pradeep Joshi (DIN: 06608172) as an Independent Director:**

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

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013("the Act") read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, and regulation 17 of Securities and Echange Board of India (Listing Obligation and Disclosure Requirements) Regulations , 2015 (SEBI LODR Regulations), and Articles of Association of the Company pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, Ms. Apurva Pradeep Joshi (DIN: 06608172), who holds office of Independent Director up to September 23, 2020 and who has submitted a declaration that she meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI LODR Regulations and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act, from a Member, signifying his intention to propose Ms. Apurva Pradeep Joshi's candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years commencing from September 24, 2020 up to September 23, 2025."

   "RESOLVED FURTHER THAT the Board of Directors of the Company (including its committee thereof) and / or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

5. **Re - Appointment of Mr. Mehul Savla (DIN: 02137699) as an Independent Director:**

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

NOTICE (Contd.)

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, and regulation 17 of SEBI LODR Regulations and Articles of Association of the Company pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, Mr. Mehul Savla (DIN: 02137699), who holds office of Independent Director up to September 23, 2020 and who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI LODR Regulations and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act, from a Member, signifying his intention to propose Mr. Mehul Savla's candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years commencing from September 24, 2020 up to September 23, 2025."

"RESOLVED FURTHER THAT the Board of Directors of the Company (including its committee thereof) and / or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

6. **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 part of unutilized funds out of the proceeds of Initial Public Offering (IPO) of its Equity Shares of the Company under the object "Advertising and sales promotion, an amount of ₹ 250.00 Million out of the current unspent amount of ₹ 468.50 Million as on March 31, 2020 in the best interest of the Company for other projects inter alia including 'general corporate purposes'.

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

7. **Reappointment of Mr. Kailash Katkar as Managing Director & Chief Executive Officer (CEO)**

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 196, Section 197, and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V thereof and the Rules made thereunder, including any statutory modification(s) or re-enactment thereof, for the time being in force and subject to Regulation 17(6)(e) of SEBI LODR Regulations and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, approval be and is hereby accorded for the re-appointment of Mr. Kailash Katkar (DIN: 00397191) as Managing Director & CEO of the Company for a period of 5 years with effect from April 01, 2020 for a period ending March 31, 2025 on the terms and conditions specified in the Agreement to be entered into between the Company and Mr. Kailash Katkar.

RESOLVED FURTHER THAT approval be and is hereby accorded to the payment of remuneration to Mr. Kailash Katkar as set out in the Explanatory Statement annexed to the Notice and the Board of Directors of the Company be and is hereby authorized to revise the said remuneration from time to time during the said period of five years, subject to the provisions of Section 197 and Schedule V of the Companies Act, 2013 and the SEBI LODR Regulations for the time being in force.

RESOLVED FURTHER THAT Mr. Kailash Katkar shall continue to be liable to retire by rotation and this appointment shall be subject to his continuance as a director of the Company during his tenure and shall ipso facto terminate, if he ceases to be director of the Company for any reason whatsoever.

NOTICE (Contd.)

RESOLVED FURTHER THAT Mr. Kailash Katkar shall continue to hold his office of Managing Director and such appointment as such director shall not be deemed to constitute break in his appointment as Chairman and Managing Director.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

8. **Reappointment of Mr. Sanjay Katkar as Joint Managing Director & Chief Technical Officer (CTO)**

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 196, Section 197, and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V thereof and the Rules made thereunder, including any statutory modification(s) or re-enactment thereof, for the time being in force and subject to Regulation 17(6)(e) of SEBI LODR Regulations and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, approval be and is hereby accorded for the re-appointment of Mr. Sanjay Katkar (DIN: 00397277) as Joint Managing Director & CTO of the Company for a period of 5 years with effect from April 01, 2020, for a period ending March 31, 2025 on the terms and conditions specified in the Agreement to be entered into between the Company and Mr. Sanjay Katkar.

RESOLVED FURTHER THAT approval be and is hereby accorded to the payment of remuneration to Mr. Sanjay Katkar as set out in the Explanatory Statement annexed to the Notice and the Board of Directors of the Company be and is hereby authorized to revise the said remuneration from time to time during the said period of five years subject to the provisions of Section 197 and Schedule V of the Companies Act, 2013 and the SEBI LODR Regulations for the time being in force.

RESOLVED FURTHER THAT Mr. Sanjay Katkar shall continue to be liable to retire by rotation and this appointment shall be subject to his continuance as a director of the Company during his tenure and shall ipso facto terminate, if he ceases to be director of the Company for any reason whatsoever.

RESOLVED FURTHER THAT Mr. Sanjay Katkar shall continue to hold his office of Joint Managing Director and such appointment as such director shall not be deemed to constitute break in his appointment as Joint Managing Director.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

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

Place: Pune
Date: May 21, 2020

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. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI LODR Regulations and MCA Circulars, the AGM of the Company is being held through VC / OAVM.

2. The relevant details, pursuant to Regulations 26(4) and 36(3) of SEBI LODR Regulations and Secretarial Standards (SS) issued by the Institute of Company Secretaries of India, in respect of Directors seeking re-appointment at this AGM is annexed.

3. 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.

4. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

5. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

6. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to jbbhave@gmail.com.

7. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.

8. Relevant documents referred to in the accompanying Notice and the Statement is 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 August 06, 2020 to August 11, 2020 (both days inclusive), for the purpose of AGM.

10. The Interim dividend, as declared by the Board of Directors, was paid to all the members on March 07, 2020. It is proposed to treat the same as final dividend for the year ended on March 31, 2020.

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 / Registrar of 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 AGM.

15. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose

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email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.quickheal.co.in, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of CDSL www.evotingindia.com. (On e-Voting website - www.evotingindia.com only notice to be uploaded and not Annual Report).

16. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

17. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.

18. Procedure and instructions relating to e-Voting:

The voting period begins on August 08, 2020 at 12:01 AM (IST) and ends on August 10, 2020 at 5:00 PM (IST). During this period Members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of August 05, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(i) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on "Shareholders" module.

(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. Shareholders 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 e-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 Shareholders 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) • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/ RTA or contact Company/RTA
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 (v).

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

(ix) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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 shareholders 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.

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(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 login 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) Shareholders can also cast their vote using CDSL's mobile app **"m-Voting".** The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical shareholders- The Members of the Company holding Equity Shares in physical Form and who have not registered their e-mail addresses may get their e-mail address registered with Link Intime India Pvt Ltd, by clicking the link: https://linkintime.co.in/emailreg/email_register.html or through their web site www.linkintime.co.in > Investor Services > E mail / Bank Registration > select 'Quick Heal technologies Limited' and follow the registration process as guided therein. The members are requested to provide details such as Name, Folio Number, Certificate number, PAN, Mobile number and Email ID and also upload the image of share certificate in PDF or JPEG format (up to 1 MB) and other supporting.

On submission of the shareholder's details, an OTP will be received by the shareholder, which needs to be entered in the link for verification.

2. For Demat shareholders- It is clarified that for permanent registration of e-mail address, the Members are requested to register their e-mail address in respect of demat holdings with their respective Depository Participant (DP) by following the procedure prescribed by them.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at https://www.evotingindia.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.

2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.

3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at cs@quickheal.co.in. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at cs@quickheal.co.in. These queries will be replied to by the Company suitably by email.

6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

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INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility , then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- 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 scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; jbbhave@gmail.com & cs@quickheal.co.in if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

  In case you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, 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 or contact Mr. Nitin Kunder (022- 23058738) or Mr. Rakesh Dalvi (022-23058542) or Mr. Mehboob Lakhani (022-23058543).

19. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022- 23058738 / 022-23058542/43.

    Members are requested to communicate matters relating to shares 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 & 5

Ms. Apurva Pradeep Joshi and Mr. Mehul Savla were appointed respectively as Independent Directors of the Company pursuant to Section 149 of the Companies Act, 2013 ("the Act") read with Companies (Appointment and Qualification of Directors) Rules, 2014, by the Board of Directors on August 21, 2015 as Additional Directors in the Independent category. Their appointment was subsequently approved by the Shareholders at the AGM held on September 24, 2015 for a

NOTES (Contd.)

term of five years from September 24, 2015 to September 23, 2020. ("first term" as per the explanation to Section 149(10) and 149(11) of the Act.

The Nomination & Remuneration Committee at its Meeting held on May 20, 2020 after taking into account the performance evaluation of these Independent Directors, during their first term of five years and considering the knowledge, acumen, expertise and experience in their respective fields and the contribution made by these Directors during their tenure as an Independent Director since their appointment, has recommended to the Board that continued association of these Directors as Independent Directors would be in the interest of the Company. Based on the above, the Board subject to the approval of shareholders at ensuing AGM, has recommended the re-appointment of these Directors as Independent Directors on the Board of the Company, to hold office for the second term of five consecutive years commencing from September 24, 2020 to September 23, 2025. If approved, both these Independent Directors shall not be liable to retire by rotation during their term of five years as aforesaid.

Both the Independent Directors who are seeking the re-appointment had actively participated in the meetings and gave timely inputs on the minutes of meetings. They adhered to the ethical standards & code of conduct of the Company and disclosed their non- independence as and when it exists and also disclosed their interest. They raised valid concerns to the Board and contributed to resolution of issues at meetings. They have good Interpersonal relations with other directors and management. They understand the Company and the external environment in which it operates and contributes to strategic direction.

The Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a Member proposing the candidature of Ms. Apurva Joshi and Mr. Mehul Savla for their appointment as aforesaid to the office of Independent Directors. Both, Ms. Apurva Joshi and Mr. Mehul Savla have confirmed that they fulfil the criteria of Independent Director as set out under Section 149 of the Companies Act 2013 and have also registered themselves in the Database of Independent Directors as required under the Companies (Appointment And Qualification of Directors) Rules, 2014.

Brief profiles of the above Independent Directors along with shareholding and other directorships are given below

Pursuant to Regulation 36 of the SEBI LODR Regulations read with SS-2 on General Meetings effective 1 October 2017,:

Particulars	Ms. Apurva Joshi	Mr. Mehul Savla
Date of Birth	10-04-1989	04-04-1974
Date of Appointment	Initial Appointment – August 21, 2015 Appointment in AGM – 24-09-2015	Initial Appointment – August 21, 2015 Appointment in AGM – 24-09-2015
Qualifications	Master of Commerce	MBA
Experience	Dr. Apurva Joshi heads the Technology and Due Diligence practice of Riskpro Management Consulting Private Limited. Before joining Riskpro, she owned a start-up called Fraudexpress which was started in Solapur and was later merged in Riskpro. Dr. Apurva Joshi is been part of Institute of Directors (IOD). She is the Fellow Member of IOD; She is an Individual Member of Institute of Management Consultants of India (IMCI).	Mr. Savla, Prior to starting RippleWave Advisors Private Limited, was with J. P. Morgan India Private Limited as Executive Director – Corporate and Investment Bank, Equity Capital Markets (India), and ICICI Securities Primary Dealership Limited (erstwhile ICICI Securities Limited) as Vice President – Corporate Finance. He started his career with SEBI where at the time of his resignation, he was working in the Derivative Cell.
Expertise in specific functional areas	Forensic Audit, Due Diligence, Risk Management	Securities Market
Number of shares held in the Company	NIL	NIL
List of directorships held in other companies *	Riskpro Management Consulting Pvt. Ltd.	1. Ripplewave Advisors Pvt. Ltd. 2. Vertigrow Offices Pvt. Ltd.
Number of Board Meetings attended during 2019-20	8	6
Chairperson/Member in the Committees of the Boards of companies in which she/he is a director	Chairperson – Stakeholder Relationship Committee	Chairperson – Nomination & Remuneration Committee
Relationships directors inter se	None	None
Remuneration last drawn (Including sitting fee & commission)	₹ 7,70,000	₹ 6,70,000

*Based on disclosures received from the respective Directors.

NOTES (Contd.)

A copy of the draft letter for the appointment of the above Directors as Independent Directors setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day and the same has also been put up on the Company website www.quickheal.co.in.

The other details including the shareholding of these Directors, whose appointment is proposed at item nos. 4 & 5 of the accompanying Notice, have been given above. The Board recommend the Resolutions for re-appointment of the Independent Directors at item no. 4 & 5 as Special Resolutions of this notice for your approval.

Ms. Apurva Pradeep Joshi and Mr. Mehul Savla respectively, are concerned or interested in the resolutions of the accompanying notice relating to their own appointment. None of the other Directors, Key Managerial Personnel and relatives thereof is concerned or interested in the Resolutions at item nos. 4 & 5.

ITEM No. 6 - VARIATION IN IPO PROCEEDS:

The shareholders at the AGM 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 dated 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 had raised ₹ 4,512.53 Million through public issue, specifically to meet the objects of the Offer. The utilisation of IPO proceeds during the year ended March 31, 2020, March 31, 2019 and March 31, 2018 against the objects of the Offer is as follows:

(₹ in Million)

	Fund allocated to the activities as per prospectus	Actual utilization up to March 31, 2020	Unutilised money as on March 31, 2020	Actual utilization up to March 31, 2019	Unutilised money as on March 31, 2019
Advertising and sales promotion	1,110.00	641.50	468.50	496.52	613.48
Capital expenditure on research and development	418.80	418.47	0.33	391.69	27.11
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	534.31	3.45	285.64	252.12
Total	**2,342.51**	**1,783.00**	**559.51**	**1,362.57**	**979.94**

There is an unspent amount of ₹ 468.50 Million as on March 31, 2020 under the object "Advertising and sales promotion". In view of the above, it is proposed to transfer ₹ 250.00 Million (the Part of unutilized funds) to category "General Corporate Purpose", where these funds will be utilized in full in next two years along with the existing unutilized funds in this category.

In terms of Section 27 of the Companies Act, 2013 a Company cannot vary the terms of objects 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 part of unutilized amount of the IPO proceeds under the object "Advertising and sales promotion, which stood at ₹ 250.00 Million out of the current unspent amount of ₹ 468.50 Million as on March 31, 2020 for ''General Corporate Purposes''. The Board of Directors also seeks approval of Members for varying the allocation of the unutilized part of the IPO proceeds for the above stated objects.

NOTES (Contd.)

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: Reappointment of Mr. Kailash Katkar as Managing Director & CEO

Mr. Kailash Katkar, aged 53 years, passed his matriculation examination. He has been associated with the Company since its incorporation and has experience in general management, strategy, sales, marketing, customer services and administration. He is the recipient of several awards including "Entrepreneurs International Honors" for his achievement as a first generation entrepreneur in 2002 by Charaiveti Entrepreneurs' International, "GS Parkhe Industrial Merit Award 2009" awarded by The Maharashtra Chamber of Commerce, Industries and Agriculture, "Maxell Award for Maharashtra Corporate Excellence, 2012 - Innovation" awarded by the Maxell Foundation, "CMDA Achievement Award 2010" awarded by the Computer and Media Dealers Association, Pune, "Young Entrepreneurs Award 2012" by the Army Institute of Technology, Pune, "Rashtriya Sanman Award" by the National Education and Human Resources Development Organisation, "SME Entrepreneur – Achievers' Award 2010-11" by SME Channels, and "Entrepreneur of the Year 2012" by Brands Academy. He was reappointed as Managing Director and Chief Executive Officer of the Company on August 28, 2015.

Brief terms and conditions of appointment of Mr. Kailash Katkar are given below:

(a) Mr. Kailash Katkar shall be paid basic salary, perquisites and allowances in the range of ₹ 13 Million per annum to ₹ 16 Million per annum. Within this range, the aggregate of basic salary, perquisites and allowances may be revised by the Board of Directors or the Nomination & Remuneration Committee from time to time, subject to maximum annual increase of 15% over the basic salary, perquisites and allowances for the previous year.

(b) Variable incentive of such amount as may be decided by the Board of Directors or the Nomination & Remuneration Committee of the Board of Directors, from time to time subject to the prescribed limit given under Section 196, Section 197 and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V thereof and the Rules made thereunder, including any statutory modification(s) or re-enactment thereof, for the time being in force and SEBI LODR Regulations.

(c) The aggregate of basic salary, allowances, perquisites and variable incentive of Mr. Kailash Katkar, shall not be in excess of 2.5% of the Net Profit of the Company (computed in a manner laid down in Section 198 of the Companies Act, 2013) and payment of remuneration shall not be in excess of 5% of the Net Profit of the Company to all Executive Directors of the Company for each of the financial years from 2020-21 and onwards with effect from April 01, 2020 for a period of five years. The details of his directorships and membership of committees in other companies are as follows as on March 31, 2020:

Directorships:

Name of the Company	Designation
Data Security Council of India	Director

Mr. Katkar attended 7 out of 8 meetings of Board of the Company during the year. Mr. Kailash Katkar holds 1,87,94,713 equity shares in the Company as on March 31, 2020.

If the Company incurs a loss or its profits are inadequate in any financial year during the tenure of Mr. Kailash Katkar, he may be paid such minimum remuneration as determined by the Board of Directors or the Nomination & Remuneration Committee of the Board of Directors, within the limits laid down in Section II, Part II of Schedule V of the Companies Act, 2013. In such a case, the following perquisites shall not be included in the computation of the ceiling on remuneration in case the Company has inadequate profits or loss in that financial year.

(a) contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961 (43 of 1961);

(b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and

(c) encashment of leave at the end of the tenure.

Particulars as per Section II of Part II of Schedule V of the Companies Act, 2013 are given below:

I. General Information:

1. Nature of industry: The Company is in the business of providing security software products and solutions.
2. Financial performance based on given indicators

   Please refer to Financial Statements attached to this notice.
3. Foreign investments or collaborations, if any: During the year, the Company made a L7 Defense Ltd., Israel based Company.

NOTES (Contd.)

II. Information about the appointee:

1. Background details: Please refer to opening paragraphs in this item for these details.

2. Past remuneration: During the financial year 2019-20, the Company paid ₹ 14.88 Million to Mr. Kailash Katkar

3. Recognition or awards:

    a) Honored with Maharashtra Corporate Excellence (MAXELL) Awards for Excellence in Entrepreneurship and for his contribution to the economic and industrial development of Pune City.

    b) Honored with the J Irwin Miller Award of Excellence by Cummins for his commitment to conducting business in an ethical manner and for the value KPIT partnership has brought to Cummins.

    c) Conferred with the prestigious Samata Award by the Akhil Bhartiya Mahatma Phule Samata Parishad for his contribution to the economic and industrial development of Pune City.

    d) Awarded the prestigious Rotary Excellence Award for exemplary leadership and outstanding performance, by a chapter in Pune.

4. Job profile and his suitability: It is proposed to re-appoint Mr. Kailash Katkar as Managing Director & CEO and Mr. Katkar will be responsible for the general management of the business of the Company and oversight of the board processes. Mr. Katkar continues to be the Chairman of the Board of Directors. The previous paragraphs contain information on the suitability of Mr. Kailash Katkar for the appointment.

5. Remuneration proposed:

    a) Fixed remuneration: Range of ₹ 10.98 Millions per annum to ₹ 25.00 Millions per annum over the tenure.

    b) Variable remuneration: As fixed by the Board of Directors or the Nomination & Remuneration Committee of the Board of Directors from time to time subject to the prescribed limit given under Section 196, Section 197 and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V thereof and the Rules made thereunder, including any statutory modification(s) or re-enactment thereof, for the time being in force and SEBI LODR Regulations.

    c) Total remuneration: Subject to an overall ceiling of 10% the net profits of the Company for all the Executive Directors.

    d) Perquisites and other details: Please refer to previous paragraphs in this item of business.

6. Comparative remuneration profile with respect to industry, size of the company, profile of position and person:

    The comparative remuneration in the Technology Industry for companies with revenues in the range of ₹ 15.97 Mn to ₹ 94.45 Mn for the position of a Chairman & Executive Director (Whole-time Director) ranged from ₹ 21.79 Mn to ₹ 81.12 Mn for the year 2019-20.

7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:

    Please refer Note No. 39 to the standalone financial statements attached.

III. Other Information

1. Reasons of loss or inadequate profitst	: Not applicable.
2. Steps taken or proposed to be taken for improvement	: Not applicable.
3. Expected increase in productivity and profits in measurable terms	: Not applicable.

An agreement will be entered into between the Company and Mr. Kailash Katkar subject to the approval of shareholders in the ensuing AGM and the draft agreement will be available for inspection at the registered office of the Company from Monday to Friday, between 11.00 a.m. to 1.00 p.m. upto the date of the AGM. As per the provisions of Section 196 and 197 of the Companies Act, 2013 the appointment of a Managing Director shall be approved by the Members at a general meeting of the Company. Mr. Kailash Katkar is related to Mr. Sanjay Katkar. Mr. Kailash Katkar is brother of Mr. Sanjay Katkar. Mr. Kailash Katkar and his relatives will be concerned or interested in the ordinary resolution to the extent of the remuneration payable to him under the authority of the resolution. Except Mr. Sanjay Katkar, none of the other Directors or key managerial personnel (KMP) or relatives of other directors or key managerial personnel is concerned or interested in the proposed resolution. The Board of Directors recommends the Ordinary Resolutions set forth as Item No. 7 of the notice for approval of the shareholders.

NOTES (Contd.)

ITEM NO 8: Reappointment of Mr. Sanjay Katkar as Joint Managing Director & CTO

Mr. Sanjay Katkar, aged 49 years, holds a Bachelor's degree in computer science from University of Pune and a Masters' degree in computer science from University of Pune. He has been associated with the Company since its incorporation and has experience in development of anti-virus software, technology and services. He is the recipient of several awards including "Entrepreneurs International Honors" for his significant achievement as a first generation entrepreneur in 2002 by Charaiveti Entrepreneurs' International, "Maxell Award for Maharashtra Corporate Execellence, 2012 – Innovation" awarded by the Maxell Foundation, and "Entrepreneur of the Year 2012" by Brands Academy. He was reappointed as Joint Managing Director and CTO of our Company on August 28, 2015.

Brief terms and conditions of appointment of Mr. Sanjay Katkar are given below:

(a) Mr. Sanjay Katkar shall be paid basic salary, perquisites and allowances in the range of ₹ 13 Million per annum to ₹ 16 Million per annum. Within this range, the aggregate of basic salary, perquisites and allowances may be revised by the Board of Directors or the Nomination & Remuneration Committee of the Board of Directors, from time to time, subject to maximum annual increase of 15% over the basic salary, perquisites and allowances for the previous year.

(b) Variable incentive of such amount as may be decided by the Board of Directors or the Nomination & Remuneration Committee of the Board of Directors, from time to time subject to the prescribed limit given under Section 196, Section 197 and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V thereof and the Rules made thereunder, including any statutory modification(s) or re-enactment thereof, for the time being in force and SEBI LODR Regulations.

(c) The aggregate of basic salary, allowances, perquisites and variable incentive of Mr. Sanjay Katkar, shall not be in excess of 2.5% of the Net Profit of the Company (computed in a manner laid down in Section 198 of the Companies Act, 2013) and payment of remuneration shall not be in excess of 5% of the Net Profit of the Company to all Executive Directors of the Company for each of the financial years from 2020-21 and onwards with effect from April 01, 2020 for a period of five years. The details of his directorships and membership of committees in other companies are as follows as on March 31, 2020:

Directorships:

Name of the Company	Designation
Dreambook Production (OPC) Private Limited	Director

Mr. Sanjay Katkar attended all 8 meetings of Board of the Company during the year. Mr. Sanjay Katkar holds 1,87,94,713 equity shares in the Company as on March 31, 2020.

If the Company incurs a loss or its profits are inadequate in any financial year during the tenure of Mr. Sanjay Katkar, he may be paid such minimum remuneration as determined by the Board of Directors or the Nomination & Remuneration Committee of the Board of Directors, within the limits laid down in Section II, Part II of Schedule V of the Companies Act, 2013. In such a case, the following perquisites shall not be included in the computation of the ceiling on remuneration in case the Company has inadequate profits or loss in that financial year.

(a) contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961 (43 of 1961);

(b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and

(c) encashment of leave at the end of the tenure.

Particulars as per Section II of Part II of Schedule V of the Companies Act, 2013 are given below:

I. General Information:

1. Nature of industry: The Company is in the business of providing security software products and solutions in India.

2. Financial performance based on given indicators: Please refer to Financial Statements attached to this notice.

3. Foreign investments or collaborations, if any: During the year, the Company made a strategic investment to the tune of L7 Defense Ltd., Israel based Company.

II. Information about the appointee:

1. Background details: Please refer to opening paragraphs in this item for these details.

2. Past remuneration: During the financial year 2019-20, the Company paid ₹ 14.88 Million to Mr. Sanjay Katkar

3. Recognition or awards:

NOTES (Contd.)

a) Honored with Maharashtra Corporate Excellence (MAXELL) Awards for Excellence in Entrepreneurship and for his contribution to the economic and industrial development of Pune City.

b) Honored with the J Irwin Miller Award of Excellence by Cummins for his commitment to conducting business in an ethical manner and for the value KPIT partnership has brought to Cummins.

c) Conferred with the prestigious Samata Award by the Akhil Bhartiya Mahatma Phule Samata Parishad for his contribution to the economic and industrial development of Pune City.

d) Awarded the prestigious Rotary Excellence Award for exemplary leadership and outstanding performance, by a chapter in Pune.

4. Job profile and his suitability: It is proposed to re-appoint Mr. Sanjay Katkar as a Joint Managing Director & CTO and Mr. Sanjay Katkar will be responsible for the technical matters and development of business of the company. The previous paragraphs contain information on the suitability of Mr. Sanjay Katkar for the appointment.

5. Remuneration proposed:

a) Fixed remuneration: Range of ₹ 10.98 Million per annum to ₹ 25.00 Million per annum over the tenure.

b) Variable remuneration: As fixed by the Board of Directors or the Nomination & Remuneration Committee of the Board of Directors from time to time subject to the prescribed limit given under Section 196, Section 197 and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V thereof and the Rules made thereunder, including any statutory modification(s) or re-enactment thereof, for the time being in force and SEBI LODR Regulations.

c) Total remuneration: Subject to an overall ceiling of 10% the net profits of the Company for all the Executive Directors.

d) Perquisites and other details: Please refer to previous paragraphs in this item of business.

6. Comparative remuneration profile with respect to industry, size of the company, profile of position and person:

The comparative remuneration in the Technology Industry for companies with revenues in the range of ₹ 15.96 Mn to ₹ 94.45 Mn for the position of a Chairman & Executive Director (Whole-time Director) ranged from ₹ 21.79 Mn to ₹ 81.12 Mn for the year 2019-20.

7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:

Please refer Note No. 39 to the standalone financial statements attached.

III. Other information:

1. Reasons of loss or inadequate profitst	: Not applicable.
2. Steps taken or proposed to be taken for improvement	: Not applicable.
3. Expected increase in productivity and profits in measurable terms	: Not applicable.

An agreement will be entered into between the Company and Mr. Sanjay Katkar subject to the approval of shareholders in the ensuing AGM and the draft agreement will be available for inspection at the registered office of the Company from Monday to Friday, between 11.00 a.m. to 1.00 p.m. upto the date of the AGM. As per the provisions of Section 196 and 197 of the Companies Act, 2013 the appointment of a Managing Director shall be approved by the members at a general meeting of the Company. Mr. Sanjay Katkar is related to Mr. Kailash Katkar. Mr. Sanjay Katkar is brother of Mr. Kailash Katkar. Mr. Sanjay Katkar and his relatives will be concerned or interested in the ordinary resolution to the extent of the remuneration payable to him under the authority of the resolution. Except Mr. Kailash Katkar, none of the other Directors or key managerial personnel or relatives of other directors or key managerial personnel is concerned or interested in the proposed resolution. The Board of Directors recommends the Ordinary Resolution set forth as Item No. 8 of the notice for approval of the shareholders.

NOTES (Contd.)

21. **Pursuant to Regulation 36 of the SEBI LODR Regulations read with SS-2 on General Meetings effective 1 October 2017, brief profile of the director eligible for re-appointment, vide item no. 3, 7 and 8 is as follows:**

Particulars	Mr. Kailash Katkar	Mr. Sanjay Katkar
DIN	00397191	00397277
Date of Birth & Age	November 01, 1966, Age: 53	November 29, 1970, Age: 49
Date of First Appointment to the Board	August 7, 1995	August 7, 1995
Qualifications	Matriculation	Masters in Computer Science
Expertise in Specific Functional Areas	Business Administration, general management, strategy	Development of anti-virus software, technology and related services
Experience	Quick Heal Technologies Ltd	Quick Heal Technologies Ltd
Directorship held in other listed entities	Nil	Nil
Membership/Chairmanship of Committees of other listed entities (includes on Audit committee & Stakeholders Relationship Committee)	Nil	Nil
Number of Equity Shares held in the Company	1,87,94,713	1,87,94,713
Relationship with any Director (s) and KMPs of the Company	Brother of Mr. Sanjay Katkar	Brother of Mr. Kailash Katkar
Number of Meetings Attended During the year	07	08
Remuneration last drawn	₹ 14.88 millions	₹ 14.88 millions

BY ORDER OF THE BOARD OF DIRECTORS
Quick Heal Technologies Limited

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

Place: Pune
Date: May 21, 2020

DIRECTORS' REPORT

Dear Members,

Quick Heal Technologies Limited

The Board of Directors of your Company is pleased to present the 25th Annual Report along with the audited financial statements, for the financial year ended March 31, 2020.

1. FINANCIAL RESULTS:

(₹ in Million)

Particulars	Consolidated		Standalone	
	2019-2020	2018-2019	2019-2020	2018-2019
Revenue from Operations (Net)	2,861.38	3,149.26	2,834.04	3,129.03
Other Income	315.96	326.67	313.41	325.00
Total Income	**3,177.34**	**3,475.93**	**3,147.45**	**3,454.03**
Profit Before Tax	**1,013.11**	**1,370.19**	**1,004.40**	**1,290.70**
Total Tax	269.00	451.95	268.01	451.06
Profit After Tax	**744.11**	**918.24**	**736.39**	**839.64**

The abovementioned figures are extracted from financial statements prepared in accordance with the Indian accounting standards (IND AS).

2. BUSINESS OPERATIONS AND OUTLOOK

Your Company recorded a total income of ₹ 3,177.34 Million for the financial year 2019-20 as against ₹ 3,475.93 Million in 2018-19 resulting in a decrease of 8.59% in the total revenue during the year under review on consolidated basis. The Profit after Tax of the Company was decreased by 18.96% from ₹ 918.24 Million in the year 2018-19 to ₹ 744.11 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

During the year under review, the Company declared to the shareholders, an interim dividend of ₹ 4/- (Rupees Four only) per equity share of the face value of ₹ 10/- (Rupee Ten only) each in the month of February 2020. The Board of Directors your Company have decided to consider the interim dividend as the final divided for the financial year 2019-20.

In accordance with Regulation 43A of the SEBI LODR Regulations the Company has formulated a Dividend Distribution Policy. The dividend declared and paid by the Company for the financial year 2019-20, is in compliance with the Dividend Distribution Policy. The Dividend Distribution Policy of the Company is also hosted on the website of the Company and can be viewed at https://www.quickheal.co.in/investors/company-policies.

4. BUYBACK OF EQUITY SHARES

Pursuant to the approval of the Board on March 05, 2019 and approval of shareholders through special resolution dated April 12, 2019 passed through postal ballot/e-voting, your Company completed buyback of 63,63,636 equity shares of the Company for an aggregate amount of ₹ 1,750 Million, being 23.87% of the aggregate of the fully paid up equity share capital and free reserves as per the last audited financial statements of the company as on March 31, 2018 on standalone basis. The buyback was made from all existing shareholders of Company as on April 26, 2019, being the record date for the purpose, on a proportionate basis under the tender offer route in accordance with the provisions contained in the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 and the Companies Act, 2013 and rules made thereunder. The pre-buyback paid up capital of the Company was ₹ 705,636,540/- and after extinguishing 63,63,636 equity shares, the post-buyback paid up share capital is ₹ 642,015,180/-.

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.

As per section 69 of the Companies Act, 2013, the Company has created Capital Redemption Reserve of ₹ 63.64 Million which is equal to the nominal value of the shares bought back as an appropriation from Securities Premium Reserve.

DIRECTORS' REPORT (Contd.)

6. PUBLIC DEPOSITS

During the year under review, your Company did not accept any deposits under section 73 and 74 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. up to the date of the forthcoming AGM. 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.

8. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements ("CFS") of your Company along with its subsidiaries as at March 31, 2020 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 SEBI LODR Regulations and form a part of this Annual Report. The Auditors' Report on the CFS is also attached, which is unmodified.

9. INVESTMENTS & ACQUISITIONS

During the year your Company made a strategic investment to the tune of 3.49% in L7 Defense Ltd which is an Israel-based API Security start-up company. It's proprietary Ammune™ AI technology autonomously inline protects from cyber-attacks, in a very high precision. This investment will mark Quick Heal's foray into the fast-growing NG-WAF and API Security Market and expand its portfolio of enterprise security solutions under our brand 'Seqrite'®.

10. UTILIZATION OF IPO PROCEEDS

The proceeds of the IPO are being used for the purposes for which it was stated to be utilized. The unutilized portion thereto has been invested in bank deposits as per the applicable rules. However pursuant to provisions of Section 27 of Companies Act, 2013, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, it is now proposed to seek the approval from shareholders in the ensuing AGM to use/deploy part of unutilized funds out of the proceeds of IPO under the object "Advertising and sales promotion" for other projects under 'General Corporate Purposes'.

The summary of utilization of IPO proceeds as on March 31, 2020 is stated in Note No. 35 of Notes to Accounts.

11. MANAGEMENT DISCUSSION AND ANALYSIS

As per the provisions of Regulation 34 of the SEBI LODR Regulations a detailed review by the Management of the business operations of the Company is presented under separate section "Management Discussion and Analysis" which forms a part of this Annual Report. The MD&A Report captures your Company's performance, industry trends and other material changes with respect to your Company.

12. CORPORATE GOVERNANCE REPORT

Your Company believes in adopting best practices of corporate governance. The Company has complied with the regulatory provisions for Corporate Governance as prescribed under Schedule V of SEBI LODR Regulations. The quarterly Corporate Governance Reports are submitted with the stock exchanges in compliance with the regulatory provisions. A certificate from M/s J. B. Bhave & Co., Practicing Company Secretaries, confirming compliance of conditions of the Corporate Governance, forms a part of this Annual Report.

13. BUSINESS RESPONSIBILITY REPORT

A Business Responsibility Report as per Regulation 34 of the SEBI LODR Regulations, detailing the various initiatives taken by the Company on the environmental, social and governance front forms an integral part of this Annual Report.

14. 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 2019-20, as required under Schedule V of the SEBI LODR Regulations forms a part of this Annual Report.

DIRECTORS' REPORT (Contd.)

15. DIRECTORS & KEY MANAGERIAL PERSONNEL

As on March 31, 2020, the Board comprised of two Executive Directors, four Non-Executive Independent Directors and one Non-Executive Director. The Board is well diversified and consists of two Women Independent Directors.

Mr. Kailash Katkar (DIN: 00397191), Managing Director & CEO of the Company, retires by rotation at the ensuing AGM and, being eligible, offers himself for re-appointment. A Profile of Mr. Kailash Katkar, as required by Regulation 36(3) of the SEBI LODR Regulations are given in the Notice convening the forthcoming AGM.

During the year Mr. Kailash Katkar, Managing Director & CEO and Mr. Sanjay Katkar, Joint Managing Director & CTO whose term of appointment expired on March 31, 2020 were re-appointed, subject to the approval of shareholders, on the same terms and conditions, as per the recommendation of Nomination and Remuneration Committee, by the Board on February 24, 2020 for a further term of 5 years w.e.f April 01, 2020.

Mr. Kailash Katkar, Managing Director & CEO, Mr. Sanjay Katkar, Joint Managing Director & CTO, Mr. Nitin Kulkarni, Chief Financial Officer and Mr. Srinivasa Rao Anasingaraju, Company Secretary 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, 2020.

During the year Mr. Pradeep V. Bhide and Mr. Manu Parpia, Independent Directors of the Company, resigned as members of the Board effective April 01, 2019 and May 11, 2019 respectively. The Board places on record appreciation for their contributions towards the growth of the Company during their tenure of directorship.

Mr. Amitabha Mukhopadhyay was appointed as an Independent Director of the Company for a term of five years on June 10, 2019 and the same was confirmed by the members in the last AGM of the company held on July 15, 2019.

16. BOARD MEETINGS

During the financial year 2019-20, 8 (eight) Board meetings were held on April 04, 2019, May 10, 2019, July 15, 2019, August 08, 2019, October 22, 2019, November 14, 2019, February 05, 2020 and February 24, 2020 respectively. The maximum time gap between any two meetings did not exceed prescribed period of one hundred twenty days. The particulars of directors present at various Board and Committee meetings are given in the Corporate Governance Report which forms part of this Report.

17. DIRECTORS' RESPONSIBILITY STATEMENT

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

a) In the preparation of the annual accounts for the year ended March 31, 2020, 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) The annual accounts have been prepared on a going concern basis;

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

f) Proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems are adequate and are operating effectively.

18. 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 fulfils the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI LODR Regulations.

DIRECTORS' REPORT (Contd.)

The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Act and the Code of Conduct for Directors and senior management personnel of the Company.

Based on the confirmations/disclosures received from the Directors under Section 149(7) of the Companies Act 2013 and on evaluation of the relationships disclosed, the following Non-Executive Directors are considered as Independent Directors:

a. Mr. Amitabha Mukhopadhyay

b. Ms. Priti Rao

c. Mr. Mehul Savla

d. Ms. Apurva Joshi

The first tem of five years of Ms. Apurva Joshi and Mr. Mehul Savla as Independent Directors of the Company is going to end on the date of ensuing AGM of the Company. In this regard, the Nomination & Remuneration Committee at its Meeting held on May 20, 2020 after taking into account the performance evaluation of these Independent Directors, during their first term of five years and considering the knowledge, acumen, expertise and experience in their respective fields and the substantial contribution made by these Directors during their first tenure as an Independent Directors since their appointment, has recommended to the Board that continued association of these Directors as Independent Directors would be in the interest of the Company.

19. 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). A meeting of the Independent Directors was held on February 05, 2020 to review the performance of Non-Independent Directors and the Board as a whole. The Chairman of the Nomination & Remuneration Committee had updated the other members of the Board about the outcome of the process.

20. 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	Composition						
1	*Audit Committee	Mr. Amitabha Mukhopadhyay@ (Chairperson)	Ms. Priti Rao	Mr. Sanjay Katkar@	Ms. Apurva Joshi##	Mr. Kailash Katkar##	Mr. Pradeep Vasudeo Bhide#	Mr. Manu Parpia^
2	Nomination and Remuneration Committee	Mr. Mehul Savla@ (Chairperson)	Mr. Kailash Katkar	Mr. Amitabha Mukhopadhyay@	Mr. Pradeep Vasudeo Bhide#	Mr. Manu Parpia^	Ms. Apurva Joshi$ ##	-
3	Stakeholders Relationship Committee	Ms. Apurva Joshi (Chairperson)	Mr. Kailash Katkar	Mr. Amitabha Mukhopadhyay@	Mr. Mehul Savla##	-	-	-
4	CSR Committee	Ms. Priti Rao (Chairperson)	Mr. Kailash Katkar	Mr. Sanjay Katkar	-	-	-	-

* Audit Committee performs the functions of Risk Management Committee.

Resigned as a Member of Committee effective April 01, 2019

$ Appointed as a Member of Committee effective April 04, 2019

Resigned as a Member of Committee effective July 15, 2019

^ Resigned as a Member of Committee effective May 11, 2019

@ Appointed as a Member of Committee effective July 15, 2019

DIRECTORS' REPORT (Contd.)

21. 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 2020-21. There are no qualifications/ observations/ remarks in the Secretarial Audit Report. The Secretarial Auditors have not reported any fraud during the financial year.

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

22. STATUTORY AUDITORS

M/s MSKA & Associates, Chartered Accountants (Firm Registration No. 105047W), were appointed by the Shareholders at the 24th AGM held on July 15, 2019 as Statutory Auditors for a term of five consecutive years to hold office until conclusion of 29th AGM. Pursuant to the amendment to Section 139 of the Companies Act, 2013 effective from May 07, 2018, ratification by shareholders every year for the appointment of Statutory Auditors is no longer required and accordingly, the Notice of ensuing 25th AGM does not include the proposal for seeking shareholders' approval for ratification of Statutory Auditors appointment.

23. AUDIT OBSERVATIONS

There is no Audit observation during the financial year. The Statutory Auditors have not reported any fraud during the financial year.

24. COST RECORDS & AUDITOR

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 year 2020-21 at a remuneration of ₹ 70,000/- plus applicable taxes and out of pocket expenses. The same was already approved by shareholders in the 24th AGM of the Company.

25. INTERNAL AUDITORS

The Board appointed Ernst & Young LLP, Chartered Accountants, as Internal Auditors of the Company for the financial year 2020-21.

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

27. 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 summarized in the Notes forming part of Financial Statements and annexed as **Annexure D.**

28. 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:

- **Energy Conservation**

  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.

DIRECTORS' REPORT (Contd.)

The company has intensified its efforts on unique opportunities which the small and mid-size businesses are projecting with the digitization 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.

- **Foreign Exchange earnings and outgo:**

  Total foreign exchange earnings and outgo for the financial year were as follows:

(₹ in Million)

	Year ended March 31, 2020	Year ended March 31, 2019
Total foreign exchange outgo	45.90	47.11
Total foreign exchange earnings	83.67	78.98

29. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

There is no Loans, Guarantees as on March 31, 2020. However there is one investment as on March 31, 2020 the details of which is given under Notes to the financial statements.

30. 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.**

31. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Your Company has a strong commitment towards the society we live in. Your Company had formed a public charitable trust 'Quick Heal Foundation' and implements its CSR objects through the Foundation. The Company strives to promote Cybersecurity awareness, promotion of education and community development. The Company's CSR policy is available on our website at https://www.quickheal.co.in/investors/company-policies.

During the year under review, the Company had spent ₹ 22,850,000/- on CSR activities, out of the total amount of ₹ 23,826,867/- 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 ₹ 976,867/-. 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 2019-20 is given as **Annexure 'F'.**

32. 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 are adequate and are operating efficiently and effectively. The Company's IFC policies are commensurate with its requirements and are operating effectively. The IFC 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.

33. 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/investors/company-policies.

34. 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.

DIRECTORS' REPORT (Contd.)

There are no risks which in the opinion of your directors threaten the existence of the Company. However, risks that may pose a concern including impact of COVID-19 are explained under Management Discussion and Analysis which forms part of this Annual Report.

35. INVESTOR EDUCATION AND PROTECTION FUND:

In accordance with the provisions of Sections 124 and 125 of the Act and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividends of a company which remain unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account shall be transferred by the company to the Investor Education and Protection Fund ("IEPF"). In terms of the foregoing provisions of the Act, no dividend amount or shares were required to be transferred to the IEPF by the Company during the year ended March 31, 2020.

36. 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. The Company has complied with applicable Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings;

iii. 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.

37. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of Annual Report, as on March 31, 2020, in Form MGT – 9 is given as per **Annexure-G.** The same is also available on https://www.quickheal.co.in/investors/financial-information#annualResults

38. 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 Committee(s) has been set up across all its required locations in India to address complaints received regarding sexual harassment.

There were no complaints reported during the financial year 2019-20.

39. 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.

40. ACKNOWLEDGMENTS

Your Board places on record sincere gratitude and appreciation for all the employees. The Board conveys its appreciation for its customers, vendors, investors, bankers, end users, dealers, distributors, business partners and other business constituents during the year under review. We also thank the support received from various government and regulatory authorities.

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

Sd/-	Sd/-
Kailash Katkar	**Sanjay Katkar**
Managing Director & CEO	Joint Managing Director & CTO
(DIN: 00397191)	(DIN: 00397277)

Place: Pune
Date: May 21, 2020

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	75.1021	0.69646	0.71195	20.4400
3	Date on which Subsidiary was acquired	January 2, 2012	April 2, 2012	December 2, 2011	November 13, 2016
4	Share Capital	7,88,000	25,00,00,000	11,36,75,000	3,00,000
5	Reserves and Surplus	(786,338)	(23,42,01,197)	(47,279,310)	(31,627)
6	Total Assets	106,631	22,809,698	72,679,213	383,439
7	Total Liabilities	104,969	7,010,895	6,283,523	115,066
8	Investments	-	-	-	-
9	Turnover	188,762	14,670,378	27,687,733	489,227
10	Profit before taxation	(9,988)	(41,615,446)	10,974,283	87,217
11	Provision for taxation	-	1,525,454	-	-
12	Profit after taxation	(9,988)	(43,140,900)	10,974,283	87,217
13	Proposed dividend	-	-	-	-
14	Extent of Shareholding	Wholly Owned	Wholly Owned	Wholly Owned	Wholly Owned

ANNEXURE B

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE YEAR ENDED MARCH 31, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members

Quick Heal Technologies Limited

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** having CIN: L72200MH1995PLC091408 and having registered office at Marvel Edge 7010 C & D Opposite NECO garden Society, Viman Nagar Pune- 411014, Maharashtra (hereinafter referred to as 'the Company').

Secretarial Audit was conducted for the year ended March 31, 2020, in a manner that provided me 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 authorized representatives during the conduct of secretarial audit and considering the relaxations granted the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, I hereby report that in my opinion, the Company has, for the year ended March 31, 2020 ("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 year ended March 31, 2020 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; : **The Company had concluded the process of buy back of shares successfully and has dissolved the Buyback committee during the audit period.**

(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

ANNEXURE B (Contd.)

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.

ii. The Listing Agreement entered into by the Company with National Stock Exchange of India Limited and BSE 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 along with agenda and detailed notes on agenda 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:

1. The company has allotted 3600 equity shares of ₹ 10/- each under ESOP Scheme 2014 to eligible employees of the company.
2. The Company has completed the buy-back of 63,63,636 equity shares of ₹ 10 each being 23.87% of the total paid up equity share capital, at ₹ 275/- per equity share in June 2019.
3. Mr. Amitabh Mukhopadhyay was appointed as an Independent Director on 10th June, 2019 for a term of 5 years from 10th June, 2019 to 09th June, 2024; which was confirmed with the approval of shareholders by way of a Special Resolution in the 24th Annual General Meeting held on 15th July, 2019.
4. The Statutory Auditors of the Company- S R B C & CO LLP completed their term of 10 years. M/s. MSKA & Associates (Firm Registration No. 105047W), Chartered Accountants were appointed from the conclusion of 24th Annual General Meeting to the conclusion of 29th Annual General Meeting by approval by Members of the Company in the 24th Annual General Meeting.
5. The Company has received approval from shareholders in the 24th Annual General Meeting for variation in utilisation of the IPO proceeds.
6. The Company in the Board meeting dated February 24, 2020 has appointed Mr. Kailash Sahebrao Katkar as Managing Director for second term of 5 years with effect from April 1, 2020.
7. The Company in the Board meeting dated February 24, 2020 has appointed Mr. Sanjay Sahebrao Katkar as Managing Director for second term of 5 years with effect from April 1, 2020.

This Report should be read along with Annexure to the Report which shall be considered to form part of this Report for all purposes.

For J. B. Bhave & Co.
Company secretaries

Jayavant B. Bhave
Proprietor
FCS: 4266 CP: 3068
PR No.: 486/ 2016
UDIN: F004266B000260093

Place: Pune
Date: May 20, 2020

Annexure to the Secretarial Audit Report of Quick Heal Technologies Limited

Auditors' Responsibility

In accordance with the ICSI Auditing Standards (CSA1 to CSA4), the undersigned wish to state as under-

My responsibility as the Auditor is to express the opinion on the compliance with the applicable laws and maintenance of Records based on Secretarial Audit conducted by me.

The Secretarial Audit needs to be conducted in accordance with applicable Auditing Standards. These Standards require that the Auditor should comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of Records.

I am also responsible to perform procedures to identify, assess and respond to the risks of material misstatement or non-compliance arising from the Company's failure appropriately to account for or disclose an event or transaction. However, due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some Misstatements or material non-compliances may not be detected, even though the audit was properly planned and performed in accordance with the Standards.

Accordingly, in my opinion,

1. The Secretarial Audit for the financial year 2019-2020 has been conducted as per the applicable Auditing Standards.
2. I have obtained reasonable assurance that the statements prepared, documents or Records maintained by the Company are free from misstatement.
3. My responsibility is limited to only express my opinion on the basis of evidences collected, information received and Records maintained by the Company or given by the Management.
4. The Company has followed applicable laws, act, rules or regulations in maintaining their Records, documents, statements and has complied with applicable laws or rules while performing any corporate action.
5. Due to COVID-19 pandemic and subsequent lockdown declared by the Central, State and Local governments, physical verification of documents/ registers/ papers was not possible and hence, we have relied on the scanned copies / emails/ digitally accessible data, information, registers, documents and papers provided by the Company for carrying out the Secretarial Audit and to that extent our verification of documents and records might have been impacted.

For J. B. Bhave & Co.
Company secretaries

Jayavant B. Bhave
Proprietor
FCS: 4266 CP: 3068
PR No.: 486/ 2016
UDIN: F004266B000260093

Place: Pune
Date: May 20, 2020

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 2019-20, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20 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 2019-20 (₹ Million)	% increase (decrease) in Remuneration in the FY 2019-20	Ratio of Remuneration of each Director to the Median remuneration of Employees
1.	Kailash Katkar, Chief Executive Officer & MD	14.88	Nil	23.92
2.	Sanjay Katkar, Jt. MD & Chief Technical Officer	14.88	Nil	23.92
3.	Shailesh Lakhani Non–Executive Director	Nil	Nil	-
4.	Mehul Savla Independent Director	0.45	(16.67%)	0.72
5.	P V Bhide * Independent Director	Nil	Nil	-
6.	Apurva Joshi Independent Director	0.45	(16.67%)	0.72
7.	Manu Parpia π Independent Director	Nil	Nil	-
8.	Priti Rao Independent Director	0.45	(16.67%)	0.72
9	Amitabha Mukhopadhyay @	0.60	Nil	0.96
10.	Nitin Kulkarni, Chief Finance Officer	6.42	7%	10.32
11.	Srinivasa Rao Anasingaraju # Company Secretary	3.70	Nil	5.95

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

π Ceased to be Director of the Company effective in May 11, 2019

@ Appointed as Independent Director effective July 15, 2019

Appointed as Company Secretary effective May 10, 2019.

2. The median remuneration of employees of the company during financial year 2019-20 was ₹ 6,22,169/-
3. In the financial year 2019-20, there was an increase of 3.69% in the median remuneration of the employees as compared to that of 2018-19.
4. As on March 31, 2020 there were 942 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, 2020 decreased by 18.96% whereas the median remuneration increased by 3.69%
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) increased by 11.52% from ₹ 35.76 Million in 2018-19 to ₹ 39.88 Million in 2019-20, whereas Profit After Tax decreased by 18.96% from ₹ 918.24 Million in 2018-19 to ₹ 744.11 Million in 2019-20.
7. The average percentage increase in salaries of employees excluding Key Managerial Personnel(s) was 8.21% over the previous year. The average increase in salaries of Key Managerial Personnel(s) was 2.3%. The increase in KMP remuneration were based on the recommendations of the 'Nominations & Remuneration Committee' as per the industry benchmark.
8. All remuneration paid is as per the Remuneration Policy of the Company.

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 p.m. 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 September 2016	33	Permanent	6.59	Avaya India Pvt. Ltd.	No
Nagesh Ayyagari ~	Vice President-Engineering	Master in Computer Science	48	2nd April 2018	31	Permanent	10.92	McAfee Software India Pvt Ltd.	No
Kuldeep Raina	Vice President & Global Head Of Sales	Bachelor in Computer Science & Engineering	50	17th June 2019	26	Permanent	17.36	ColorTokens India LLP	No

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

ceased to be Employee of the Company effective October 11, 2019

~ ceased to be Employee of the Company effective January 17, 2020

Pursuant to Rule 5(2)(3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, Mr. Vijay Mhaskar, Mr. Nagesh Ayyagari and Mr. Kuldeep Raina are not holding 2% or more of the equity shares of the Company respectively.

Particulars of employees posted and working in a country outside India, not being directors or their relatives, drawing more than ₹ 1.02 Crores per annum or ₹ 8.5 lakhs per month, as the case may be, as may be decided by the Board, shall not be circulated to the members in the Board's report, but such particulars shall be filed with the Registrar of Companies while filing the financial statement and Board Reports. NIL

ANNEXURE C (Contd.)

Information as per Rule 5(2) of Chapter XIII of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Top ten employees in terms of remuneration drawn during the financial year 2019-20:

Name	Designation	Qualification	Age (Yrs.)	Joining Date	Experience (Yrs.)	Nature of Employment	Total Remuneration ₹	Previous Employment	Relationship with any Director of the Company
Sameer Joshi *	Head - Strategy	MBA	46	12-Feb-2020	20.1	Permanent	1,00,00,000	Amazon Web Service	No
Reetu Raina	CHRO	MBA (HR)	44	23-Dec-2019	19.8	Permanent	95,00,000	Sterlite Technologies Ltd	No
Netra Deshpande	Senior Director - Engineering	Bachelor of Engineering (Computer Science)	46	02-May-2017	25.1	Permanent	68,84,713	Avya India Pvt Ltd	No
Malini Sathi #	Senior General Manager - HR	MBA (Marketing)	51	23-Nov-2015	28.2	Permanent	68,13,793	Radius Global Services	No
Abhijit Kulkarni $	Head - Security Labs	MCS (Computer Science)	40	01-Jan-2002	17.8	Permanent	63,38,854	--	No
Amit Madhav Deshmukh	Regional Sales Director	Advanced Diploma - Computer Software	45	01-Jul-2019	14.11	Permanent	62,00,000	McAfee Software Ind Pvt Ltd	No
Deepak Mishra	Head - Retail Sales	MBA – Marketing	43	21-Aug-2017	20.9	Permanent	61,09,136	Tally Solutions Pvt Ltd	No
Prakash Jagdale	Associate Technical Director	BCS (Computer science)	40	01-Jan-2003	17.3	Permanent	61,05,974	--	No
Himanshu Dubey	Director - Security Labs	Bachelor of Technology – B Tech - Computer Engineering	35	07-Jan-2019	13.4	Permanent	58,50,000	RSi Retail Solutions Pvt Ltd	No
Chandrashekhar Shrikantiah	Head - IT	Masters in Science (Electronics, Computer Science)	55	19-Nov-2018	31.6	Permanent	54,00,000	Mphasis Ltd	No

* Up to March 24, 2020

Up to February 20, 2020

$ Up to September 6, 2019

ANNEXURE D

ESOP Details as on March 31, 2020

Particulars	Details	
	ESOP 2010	ESOP 2014
Options granted	Total options granted until date: 16,62,800 Options granted during fiscal 2020: Nil Options granted during fiscal 2019: Nil Options granted during fiscal 2018: Nil Options granted during fiscal 2017: Nil Options granted during fiscal 2016: Nil	Total options granted until date: 13,89,800 Options granted during fiscal 2020: 1,19,600 Options granted during fiscal 2019: 4,77,300 Options granted during fiscal 2018: 30,000 Options granted during fiscal 2017: 1,83,000 Options granted during fiscal 2016: 210,000
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	5,61,045
Total number of options exercised	14,00,951	3,08,454
Total number of Equity Shares that would arise as a result of full exercise of options already granted	14,05,391	5,87,544
Options forfeited/lapsed/cancelled	2,61,849	5,31,719
Variation in terms of options	Nil	Nil
Options outstanding (in force)	Nil	5,49,627
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	₹ 11.34	
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	Impact on EPS (basic): Nil Impact on EPS (diluted): Nil	
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: ₹ 208.02
	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 VI: 3.50 - 6.50 Grant VII: 3.50 - 6.51 Grant VIII: 3.50 - 6.51 Grant IX: 3.50 - 6.51 Grant X : 3.64 – 6.64 Grant XI: 3.50 – 6.51 Grant XII: 3.76 - 6.51 Grant XIII: 3.50-6.76 Grant XIV: 3.50-6.51 Grant XV: 3.50-7.57 Grant XVI: 3.50-6.51 Grant XVII: 3.50-6.50 iii. Expected volatility: 27% iv. Expected dividends: 1.21% v. Price of underlying share in market at the time of Grant XVII of option: ₹ 123.60	
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 2019-20: ₹ 1.70 Million Fiscal 2018-19: ₹ 7.25 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	25,000	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 2019-20

Name of Employee	Total No. of options granted	grant price
Kuldeep Raina	50,000	123.60

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	Sanjay Sahebrao Katkar HUF
b)	Nature of Relation ship	Mr. Sanjay Katkar is a Managing Director & CTO
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)	1.20

Contract 2

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	Leave & License
d)	Duration of the contracts/ arrangements / transaction	1 year
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 board obtained on May 10, 2019
g)	Contract Value per year (₹ in Million)	1.02

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	₹ 1,191,343,333
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	₹ 23,826,867
5.	Details of CSR spent during the financial year 2019-20	
	a) Total amount spent for the financial year 2019-20	₹ 22,850,000
	b) Amount un-spent	₹ 976,867

(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 (in ₹) outlay (budget) projects or programs wise	Amount (in ₹) spent on projects or programs 1. Direct on projects or programs 2. Overheads	Cumulative expenditure up to the reporting period (in ₹)	Amount spent Direct or through implementing agency
1.	Education, Social Activity & Administrative Overheads	Cyber Awareness, Environmental sustainability	Maharashtra	22,850,000	22,850,000	22,850,000	Through Quick Heal Foundation
	Total			**22,850,000**	**22,850,000**	**22,850,000**	

ANNEXURE G

EXTRACT OF ANNUAL RETURN

FORM MGT 9

(Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014)

As on Financial Year ended on March 31, 2020

I. REGISTRATION & OTHER DETAILS

i)	CIN	L72200MH1995PLC091408
ii)	Registration Date	August 07, 1995
iii)	Name of the Company	Quick Heal Technologies Limited
iv)	Category of the Company	Company having Share Capital
v)	Sub-category of the Company	Indian Non-government Company
vi)	Address of the Registered office & contact details	Marvel Edge, Office No. 7010 C & D, 7th Floor, Vimannagar, Pune 411014; Phone: 020 66813232
vii)	Whether listed company	Yes
viii)	Name, Address & contact details of the Registrar & Transfer Agent, if any	Link Intime India Pvt. Ltd C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083; Phone: 022 - 4918 6270

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

Sr. No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1.	Security Software Product and Services	722	100%

III. PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES :

Sr. No.	Name & Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of share held	Applicable Section
1.	Quick Heal Technologies Japan KK 10F Sankyo Building No.5, 1-2-8 Shinkawa Chuo-Ku, Tokyo, Japan	0110-01-073118	Subsidiary	100%	Section 2(87) of The Companies Act, 2013
2.	Quick Heal Technologies Africa Ltd P. O. Box 80404, Plot No. 56, Section XXV, 1st Floor, Kaderbhoy Building, Nkrumah Road, Mombasa	CPR/2011/62135	Subsidiary	100%	Section 2(87) of The Companies Act, 2013
3.	Quick Heal Technologies America, Inc. 1 Courthouse Lane, Unit 7 Chelmsford MA 01824	101019922	Subsidiary	100%	Section 2(87) of The Companies Act, 2013
4.	Seqrite Technologies DMCC	DMCC67651	Subsidiary	100%	Section 2(87) of The Companies Act, 2013

ANNEXURE G (Contd.)

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK-UP AS PERCENTAGE OF TOTAL EQUITY)

i. Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1 Indian									
a. Individual / HUF	51,030,720	–	51,030,720	72.32	51,030,720	–	46,762,345	72.83	0.51
b. Central Govt.	–	–	–	–	–	–	–	–	–
c. State Govt.(s)	–	–	–	–	–	–	–	–	–
d. Bodies Corporate	–	–	–	–	–	–	–	–	–
e. Banks / FIs	–	–	–	–	–	–	–	–	–
f. Any other: Relatives of Promoters									
Sub-total (A)(1)	**51,030,720**	**–**	**51,030,720**	**72.32**	**51,030,720**	**–**	**46,762,345**	**72.83**	**0.51**
2 Foreign									
a. NRI Individuals	–	–	–	–	–	–	–	–	–
b. Other Individuals	–	–	–	–	–	–	–	–	–
d. Banks / FIs	–	–	–	–	–	–	–	–	–
e. Any other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2)	–	–	–	–	–	–	–	–	–
Total Shareholding of Promoter									
(A) = (A)(1) + (A)(2)	**51,030,720**	**–**	**51,030,720**	**72.32**	**51,030,720**	**–**	**46,762,345**	**72.83**	**0.51**
B. Public Shareholding									
1 Institutions	–	–	–	–	–	–	–	–	–
a. Mutual Funds / UTI	–	–	–	–	-	-	-	-	–
b. Banks / FIs	80,562	–	80,562	0.11	82,491	–	82,491	0.12	0.01
c. Central Govt.	–	–	–	–	–	–	–	–	–
d. State Govt.(s)	–	–	–	–	–	–	–	–	–
e. Venture Capital Funds	–	–	–	–	–	–	–	–	–
f. Insurance Companies	-	-	-	-					
g. FIIs	–	–	–	–	–	–	–	–	–
h. Foreign Venture Capital funds	3,665,410	–	3,665,410	5.19	3,256,661	–	3,256,661	5.07	(0.12)
i. Others Foreign Co.	–	–	–	–	–	–	–	–	–
j. Foreign Portfolio Investor	17,83,834		17,83,834	2.53	14,19,809		14,19,809	2.21	(0.32)
Sub-total (B)(1)	**5529806**	**-**	**5529806**	**7.83**	**47,58,961**		**47,58,961**	**7.40**	**0.43**
2 Non-institutions									
a. Bodies Corp. (Indian and Overseas)	17,21,067		17,21,067	2.44	11,84,945		11,84,945	1.85	(0.59)
i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	71,90,255	1	71,90,256	10.18	81,69,570	1	81,69,571	12.72	2.54

ANNEXURE G (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	32,70,647		32,70,647	4.63	20,74,411		20,74,411	3.23	(1.40)
c. Others	–	–	–	–	–	–	–	–	–
i) Clearing Member	2,03,161		2,03,161	0.29	1,16,280		1,16,280	0.18	(0.11)
ii) NBFCs registered with RBI	1,87,506	–	1,87,506	0.27	5,237	–	5,237	0.00	(0.26)
iii) Foreign National	1,000		1,000	0.0014	889		889	0.0014	–
iv) NRI	7,77,391		7,77,391	1.10	4,18,252		4,18,252	0.65	0.45
v) Hindu undivided Family	6,51,900		6,51,900	0.92	7,12,655		7,12,655	1.11	0.18
vi) Trust	200		200	0.0003	72		72	0.0001	(0.0002)
Sub-total (B)(2)	**1,40,03,127**	**1**	**1,40,03,128**	**19.83**	**1,26,82,312**	**1**	**1,26,82,313**	**19.74**	**0.09**
Total Public Shareholding (B) = (B)(1) + (B)(2)	**19,53,22,933**	**1**	**19,53,22,934**		**1,74,41,272**	**1**	**1,74,41,273**		**-**
C. Shares held by Custodian for GDRs / ADRs	–	–	–	–	–	–	–	–	–
D. Grand Total (A+B+C)	**7,05,63,653**	**1**	**7,05,63,654**	**100**	**6,42,03,617**	**1**	**6,42,03,618**	**100**	**–**

Shareholding by Promoters and Promoter Group:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	Kailash Sahebrao Katkar	20,511,384	29.07	–	1,87,94,713	29.27	–	0.21
2	Sanjay Sahebrao Katkar	20,511,384	29.07	–	1,87,94,713	29.27	–	0.21
3	Anupama Katkar	5,003,976	7.09	–	45,85,176	7.14	–	0.05
4	Chhaya Katkar	5,003,976	7.09	–	45,85,176	7.14	–	0.05
5	Sneha Katkar	–	–	–	2,567	0.004	–	0.004

iii. Change in Promoter's Shareholding (please specify, if there is no change

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
1	SANJAY SAHEBRAO KATKAR	20511384	29.07			20511384	29.07
	Transfer			14 Jun 2019	(1716671)	18794713	29.27
	AT THE END OF THE YEAR					18794713	29.27
2	KAILASH SAHEBRAO KATKAR	20511384	29.07			20511384	29.07
	Transfer			14 Jun 2019	(1716671)	18794713	29.27
	AT THE END OF THE YEAR					18794713	29.27

ANNEXURE G (Contd.)

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		No. of Shares Held	% of Total Shares of the Company	Date of Transaction	No. of Shares	No. of Shares Held	% of Total Shares of the Company
3	ANUPAMA KAILASH KATKAR	5003976	7.09			5003976	7.09
	Transfer			14 Jun 2019	(418800)	4585176	7.14
	AT THE END OF THE YEAR					4585176	7.14
4	CHHAYA SANJAY KATKAR	5003976	7.09			5003976	7.09
	Transfer			14 Jun 2019	(418800)	4585176	7.14
	AT THE END OF THE YEAR					4585176	7.14
5	SNEHA KAILASH KATKAR	0	0.0000			0	0.00
	Transfer			20 Mar 2020	2567	2567	0.04
	AT THE END OF THE YEAR					2567	0.04

Notes:

1. Paid up Share Capital of the Company (Face Value ₹ 10.00) at the end of the year is 64203618 Shares.
2. The details of holding has been clubbed based on PAN.
3. % of total Shares of the Company is based on the paid up Capital of the Company at the end of the Year.

iv. Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year		No of Shares		Shareholding at the end of the year	
		No. of Shares	% of total shares of the company	Increase	Decrease	No. of Shares	% of total shares of the company
1.	Sequoia Capital India Investment Holdings III	3,665,410	5.19	-	4,08,749	32,56,661	5.07
2.	Jupiter India fund	10,30,164	1.60	-	1,40,809	8,89,355	1.38
3.	Ramesh Damani	784,007	1.11	-	4,36,694	3,47,313	0.54
4.	Jupiter South Asia Investment Company Limited - South Asia Access Fund	2,38,535	0.37	-	70364	1,68,171	0.27
5.	Emerging Markets Core Equity Portfolio (The Portfolio) of Dfa Investment Dimensions Group Inc. (Dfaidg)	1,69,473	0.26	-	14,148	1,55,325	0.24
6	Globe Capital Market Limited	37674	0.06	2,04,848	1,08,330	1,34,192	0.21
7.	Rajesh Bhimrao Ghonasgi	108,630	0.15	5,000	12,096	1,01,534	0.16
8.	Mahesh Hemchand Purohit	95,000	0.15	11,853	15000	91,853	0.14
9.	Nitin Tandon	96,600	0.15		10,771	85,829	0.13
10.	Ariston Capital Services Pvt Ltd	-	-	85,138	-	85,138	0.13

V SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year		No. of Shares		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	Increase	Decrease	No. of Shares	% of total shares of the Company
1	Kailash Sahebrao Katkar	20,511,384	29.07	-	1,716,671	18,794,713	29.27
2	Sanjay Sahebrao Katkar	20,511,384	29.07	-	1,716,671	18,794,713	29.27
3	Mehul Savla	-	-	-	-	-	-
4	Manu Parpia*	32,000	0.04	-	32,000	-	-
5	Priti Rao	-	-	-	-	-	-

ANNEXURE G (Contd.)

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year		No. of Shares		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	Increase	Decrease	No. of Shares	% of total shares of the Company
6	Apurva Joshi	-	-	-	-	-	-
7	Amitabha Mukhopadhyay**	-	-	-	-	-	-
8	Shailesh Lakhani	-	-	-	-	-	-
9	Nitin Kulkarni	–	–	–	–	-	-
10	Srinivasa Rao Anasingaraju#	–	–	–	–	-	-

*Mr. Manu Parpia ceased to be Director of the Company effective May 11, 2019.

** Mr. Amitabha Mulhopadhyay appointed as a Director of the Company effective June 10, 2019.

Mr. Srinivasa Rao Anasingaraju appointed as a Company Secretary of the Company effective May 10, 2019

VI. INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING / ACCRUED BUT NOT DUE FOR PAYMENT:

NIL

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and / or Manager:

Sr. No.	Name of Director	Designation	Remuneration* (₹ in Million)
1.	Mr. Kailash Katkar	Managing Director & CEO	14.88
2.	Mr. Sanjay Katkar	Joint Managing Director & CTO	14.88

* Remuneration is on CTC basis

B. Remuneration to other Directors:

Sr. No.	Name of Director	Designation	Remuneration (₹ in Million)
1.	Mr. Amitabha Mukhopadhyay	Independent Director	0.60
2.	Mr. Mehul Savla	Independent Director	0.45
3.	Ms. Apurva Joshi	Independent Director	0.45
4.	Ms. Priti Rao	Independent Director	0.45

C. Remuneration to Key Managerial Personnel other than MD / WTD / Manager

Sr. No.	Name of Key Managerial Personnel	Designation	Remuneration (₹ in Million)
1.	Mr. Nitin Kulkarni	Chief Financial Officer	5.70
2.	Mr. Srinivasa Rao Anasingaraju	Company Secretary	3.70

VIII. Penalties / Punishment / Compounding of Offences: The Company received letters/e-mails from The National Stock Exchange Limited and from Bombay Stock Exchange Limited regarding delay in submission of Annual Report pursuant to Regulation 34 (1) of SEBI LODR Regulations and consequent fine of ₹ 75,520/- each for the period of delay.

The Company has made its representation to both the stock exchanges with the reasons and facts. Subsequently, the Company has received communication from The National Stock Exchange Limited on January 1, 2020 and from Bombay Stock Exchange Limited on January 7, 2020 regarding withdrawal of the of the said fine amount.

REPORT ON CORPORATE GOVERNANCE

The Report on the Corporate Governance pursuant to the SEBI LODR Regulations is given below.

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

At Quick Heal, Corporate Governance has been an integral part of the way we have been doing our business since inception. We believe that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics. 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 SEBI LODR Regulations, as applicable, with regard to Corporate Governance.

2. BOARD OF DIRECTORS:

As on March 31, 2020, the Company has seven Directors. Of the seven Directors, five are Non-Executive Directors out of which four Directors are Independent Directors. The Board of Directors of the Company critically evaluates 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 Directors 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 from time to time.

(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 seven 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) Director

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

Non-Executive Independent Directors

Sr. No.	Name of the Director	Designation	Category
1.	Mr. Amitabha Mukhopadhyay ∞	Director	Independent Director
2.	Mr. Mehul Savla	Director	Independent Director
3.	Ms. Apurva Joshi	Director	Independent Director
4.	Mr. Manu Parpia #	Director	Independent Director
5.	Ms. Priti Rao	Director	Independent Director

∞ Mr. Amitabha Mukhopadhyay appointed as Director w.e.f. June 10, 2019.

Mr. Manu Parpia resigned w.e.f. May 11, 2019

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.

REPORT ON CORPORATE GOVERNANCE (Contd.)

(ii) Independent Directors

Your Company had, in its AGM held on September 24, 2015 appointed Mr. Mehul Savla & Ms. Apurva Joshi, in AGM held on August 8, 2018 appointed Ms. Priti Rao and in AGM held on July 15, 2019 appointed Mr. Amitabha Mukhopadhyay 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 SEBI LODR Regulations. The tenure of all Four 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 SEBI LODR Regulations from each Independent Director confirming that they are not disqualified from being appointed /continuing as Independent Director and fulfil the conditions specified under SEBI LODR Regulations and are thus independent of management. Your Company had also issued formal appointment letters to all the Independent Directors in the manner provided under the Companies Act, 2013 and SEBI LODR Regulations. 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 2019-20, 8 (Eight) Board meetings were held, details are as under;

S. No.	Date of Meeting
1.	April 04, 2019
2.	May 10,2019
3.	July 15, 2019
4.	August 08, 2019
5.	October 22, 2019
6.	November 14, 2019
7.	February 05, 2020
8.	February 24, 2020

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 AGM 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 Companies	No. of Memberships (M)/ Chairpersonships (C) in board Committee(s) [including this Company]^
Mr. Kailash Katkar	07	Yes	01	Quick Heal Technologies Limited- Managing Director	0(C), 01(M)
Mr. Sanjay Katkar	08	Yes	01	Quick Heal Technologies Limited- Joint Managing Director	0(C), 01(M)
Mr. Shailesh Lakhani	04	No	01	Quick Heal Technologies Limited- Non-Executive Director	Nil
Mr. Amitabha Mukhopadhyay	05	Yes	01	Quick Heal Technologies Limited- Independent Director	01(C), 01(M)

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 Companies	No. of Memberships (M)/ Chairpersonships (C) in board Committee(s) [including this Company]^
Mr. Mehul Savla	06	Yes	01	Quick Heal Technologies Limited- Independent Director	0 (C), 0(M)
Ms. Apurva Joshi	08	Yes	01	Quick Heal Technologies Limited- Independent Director	01(C), 0(M)
Ms. Priti Rao	07	Yes	02	1. Quick Heal Technologies Limited- Independent Director 2. Mastek Limited- Independent Director	0(C), 01(M)

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, 2020, 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 Directors 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 SEBI LODR Regulations) across all the public companies in which he/she is a director.

None of the non- executive directors are holding any shares or convertible instruments in the Company.

(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) Familiarization Programme for Board Members including Independent Directors

The Board members are provided with the requisite documents reports and internal policies to enable them to familiarize with Company's business, procedures and practices.

Periodic presentations are also made at the Board and 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 familiarize 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 familiarization programme for Independent Directors in terms of the provisions of SEBI LODR Regulations is uploaded on the website of the Company and can be accessed through following link: https://www.quickheal.co.in/investors/company-policies.

REPORT ON CORPORATE GOVERNANCE (Contd.)

(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 SEBI LODR Regulations, a meeting of the Independent Directors of the Company was held on February 05, 2020 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 SEBI LODR Regulations, 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, 2020, 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. Below is the table of specific areas of focus or expertise of individual Board members.

Director	Area of Expertise
Kailash Katkar, Managing Director & CEO	Strategy, Sales, Marketing, Customer services, Corporate Governance, General management & Administration
Sanjay Katkar, Joint managing Director & CTO	Technical Strategy, Technical Governance, Customer services & Corporate Governance
Amitabha Mukhopadhyay, Independent Director	Financial & treasury management, taxation, Corporate Governance, Compliance, Audit, Mergers & Acquisitions, Business Strategy and Planning
Mehul Savla, Independent Director	Global Business, Corporate Governance, Financial Management, Mergers & Acquisitions, Securities Market Expert, Business Strategy
Priti Rao, Independent Director	Financial, Technical Strategy, Technical Governance, Human Resource
Apurva Joshi, Independent Director	Corporate Governance, Financial Management, Securities Market Risk Management, Business Strategy
Shailesh Lakhani, Non-Executive Director	Global Business, Corporate Governance, Financial Management, Mergers & Acquisitions, Securities Market Expert, Business Strategy

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 regulations of SEBI LODR Regulations. During the financial year ended March 31, 2020, there were following 4 (Four) committees of Board viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. The Board in order to execute buyback process, on March 05, 2019 formed a Buyback committee comprising of Mr. Kailash Katkar, Managing Director & CEO, Mr. Sanjay Katkar, Joint Managing Director & CTO, Mr. Mehul Savla, Independent Director, Ms. Apurva Joshi, Independent Director, Mr. Nitin Kulkarni, Chief Financial officer, Mr. Deepak Kalera, Finance controller and Mr. Vinav Agarwal, Assistant Company Secretary & Compliance Officer. During the year, the committee executed the buyback process as per SEBI (Buyback of Securities) Regulation, 2018. The Committee was dissolved on July 15, 2019 since the purpose for which it was formed was duly completed.

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 SEBI LODR Regulations. 4 (Four) meetings of the Committee were held during the financial year ended March 31, 2020.

During the year under review, the Audit Committee met on May 10, 2019, August 08, 2019, November 14, 2019 and February 05, 2020.

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

Name	Status	Number of Meetings Attended
Mr. Amitabha Mukhopadhyay*	Chairperson	03
Mr. Sanjay Katkar	Member	03
Ms. Priti Rao	Member	04
Ms. Apurva Joshi#	Member	01

* Mr. Amitabha Mukhopadhyay appointed as member as well Chairperson of committee w.e.f July 15, 2019

Ms. Apurva Joshi resigned as member of committee w.e.f July 15, 2019

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 SEBI LODR Regulations.

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 SEBI LODR Regulations.

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 victimization 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 March 31, 2020, 02(Two) meetings of the Nomination and Remuneration Committee were held.

During the year under review, the Committee met on May 10, 2019 and on February 24, 2020.

REPORT ON CORPORATE GOVERNANCE (Contd.)

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

Name	Status	Number of Meetings Attended
Mr. Mehul Savla	Chairperson	1
Mr. Amitabha Mukhopadhyay*	Member	1
Mr. Kailash Katkar	Member	2
Ms. Apurva Joshi#	Chairperson	1

* Mr. Amitabha Mukhopadhyay appointed as member of committee w.e.f July 15, 2019

Ms. Apurva Joshi resigned from the Committee effective July 15, 2019

Terms of Reference:

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

Details of Remuneration paid to the Directors during the financial year ended March 31, 2020:

(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	1,19,48,221	13,44,100	Nil	1,32,92,321	6(six) Months
2.	*Mr. Sanjay Katkar	1,17,83,342	13,44,100	Nil	1,31,27,442	6(six) Months

* As per the Employment Agreement dated: August 28, 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, 2020 are as follows:

Sr. No.	Name of the Director	*Sitting fees paid(in ₹)
1.	Mr. Amitabha Mukhopadhyay	2,80,000/-
2.	Mr. Manu Parpia	--
3.	Mr. Mehul Savla	2,20,000/-
4.	Ms. Apurva Joshi	3,20,000/-
5.	Ms. Priti Rao	2,80,000/-

* mentioned sitting fees is exclusive of goods and services tax.

There has been no material pecuniary relationship or transactions between the Company and Non-Executive Directors during the financial year 2019-20.

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

Performance evaluation criteria for independent directors

The performance evaluation of the Independent Directors is 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.

Criteria of making payments to non-executive directors

In addition to the sitting fees, the Company also pays commission to the Non-Executive Independent Directors for their overall engagement and contribution for the Company's business. The Commission is paid on basis of complexities handled by them, the time spent on the critical policy decisions, higher degree of engagement and contributions made in the meetings and their active participating keeping in view the principle of collective responsibility.

REPORT ON CORPORATE GOVERNANCE (Contd.)

Stock Options granted to Directors

The Company had not granted Stock Options (ESOPs) to any Director during the financial year 2019-20.

(iii) Stakeholders Relationship Committee:

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 Ms. Apurva Joshi, Independent Director of the Company.

Names of Members of the Committee are given below:

Name	Status	Number of Meetings Attended
Mr. Mehul Savla#	Chairperson	1
Mr. Amitabha Mukhopadhyay*	Member	1
Mr. Kailash Katkar	Member	1
Ms. Apurva Joshi@	Chairperson	1

Mr. Mehul Savla resigned from committee effective July 15, 2019

* Mr. Amitabha Mukhopadhyay appointed as a member of committee effective July 15, 2019

@Ms. Apurva Joshi appointed as Chairperson of Committee effective July 15, 2019

Pursuant to the SEBI LODR Regulations and Listing Agreement with the Stock Exchanges, Mr. Vinav Agarwal has been appointed as the Compliance Officer who monitors the share transfer process, interacts with investors and liaises with the Authorities such as SEBI, Stock Exchanges, and Registrar of Companies etc. The Company complies with the various requirements of the SEBI LODR Regulations & Listing Agreement and depositories with respect to transfer of shares and share certificates are sent to them within the prescribed time.

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

The Company has duly appointed Link Intime India Private Limited as Share Transfer Agent (R&T Agent) for servicing the shareholders holding shares in physical or dematerialized form. All requests for dematerialization 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.

Number of shareholders' complaints received	Number not solved to the satisfaction of shareholders	Number of pending complaints.
1	Nil	Nil

(iv) Corporate Social Responsibility Committee:

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 08, 2019.

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	1
3.	Mr. Sanjay Katkar	Member	1

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.

REPORT ON CORPORATE GOVERNANCE (Contd.)

4. GENERAL BODY MEETINGS:

The details of last three AGMs are mentioned below:

Sr. No.	Date of AGM	Venue
1.	July 15, 2019	Hotel Ramee Grand, Apte Road, Pune – 411015
2.	August 08, 2018	Hotel Ramee Grand, Apte Road, Pune – 411015
3.	August 11, 2017	Hotel Ramee Grand, Apte Road, Pune – 411015

Sr. No.	Financial Year	Date	Day	Time	Number of Special resolution(s) Passed	Details of Special Resolutions passed
1.	2018-19	July 15, 2019	Monday	11.00 AM	2 (Two)	1. Variation of IPO Proceeds 2. Service of documents to shareholders through particular mode
2.	2017-18	August 08, 2018	Wednesday	11:00 AM	Nil	-
3.	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.

During financial year ended March 31, 2020, Company approached the shareholders through postal ballot for the approval of Buyback of Equity shares of the Company. The details of the postal ballot are as follows:

Date of postal ballot notice: March 07, 2019 Date of Approval: April 12, 2019

Date of declaration of result: April 13, 2019 Voting Period: March 14, 2019 to April 12, 2019

Name of resolution	Type of Resolution	No. of Votes polled	Votes Cast in favour		Votes cast against	
			No. of Votes	%	No. of Votes	%
Approval of Buyback of equity shares of the Company	Special Resolution	53,085,207	53,084,540	99.99	667	0.00

Scrutinizer

Mr. Jayavant B. Bhave of M/s J. B. Bhave & Co., Practising Company Secretaries, was appointed as the scrutinizer for carrying out the above postal ballot in a fair & transparent manner.

Procedure for Postal Ballot

In compliance with sections 108 and 110 and other applicable provisions of the Companies Act 2013, read with the related rules, the Company provided the electronic voting (e-voting) facility, in addition to the postal ballot, to all its members. For this purpose, Company has engaged services of Link Intime India Private Limited.

Postal Ballot notice and form dispatched along with postage prepaid business reply envelopes to registered members/ beneficiaries. The same notice is sent by email to members who have opted to receive communication through the electronic mode. The company also publishes a notice in the newspapers declaring the details and requirements as mandated by the Act and applicable rules.

Voting rights are reckoned on the paid-up value of shares registered in the names of the members as on cut-off date. Members who want to exercise their votes by physical postal ballots are requested to return the forms, duly completed and signed, to the scrutinizer on or before the close of voting period. Those using the e-voting options are requested to vote before the close of business hours on the last date of e-voting.

The scrutinizer completed his scrutiny and submitted his report to the Chairman, and the consolidated results of the voting are announced by the Chairman. The results were also displayed on the Company's website, www.quicheal.co.in, besides being communicated to the stock exchanges, depository and registrar and share transfer agent.

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.

However the Company received letters/e-mails from The National Stock Exchange Limited (dated 15th October 2019) and from Bombay Stock Exchange Limited (dated15th October 2019) regarding delay in submission of Annual Report and consequent fine of RS. 75,520 each for the period of delay.

The Company applied for waiver of the fine on 24th October 2019. Subsequently, the Company has received communication from The National Stock Exchange Limited (dated 1st January 2020) and from Bombay Stock Exchange Limited (dated 7th January 2020) regarding withdrawal of the letter imposing the said fine amount.

(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 SEBI LODR Regulations.

(iv) Compliance with non-mandatory requirements (as on March 31, 2020)

The Company has adopted following non-mandatory requirements of SEBI LODR Regulations.

(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 SEBI LODR Regulations.
ii)	Newspapers wherein results normally published	Financial Express and Dainik Janashakati/ Prabhat
iii)	Any website, where displayed	www.quickheal.co.in
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 Investor Presentations 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 centralized web based complaint redressal system. The salient features of this system are: Centralized 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 :**		
	- Date and Time	11th day of August, 2020 at 11.00 A.M.	
	- Venue	The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.	
7.2	**Financial Calendar 2020-21 (Tentative) :**	Meeting – (Next Year)	September 2021
		Financial Reporting	
		Results for quarter ending June 30, 2020	On or before August 14, 2020
		Results for quarter ending Sep. 30, 2020	On or before November 14, 2020
		Results for quarter ending Dec. 31, 2020	On or before February 14, 2021
		Results for year ending Mar. 31, 2020 (Audited)	On or before May 30, 2021
7.3	**Book Closure date :**	August 06, 2020 to August 11, 2020 (both days inclusive) for Annual General Meeting.	
7.4	**Dividend Payment date :**	Not Applicable	
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 SEBI LODR Regulations.

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 :	Marvel Edge, Office No. 7010, C & D, 7th Floor, Viman Nagar, Pune - 411014.	

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, 2019	239.95	208.00	240.50	208.05
	May, 2019	227.80	165.60	227.70	171.10
	June, 2019	193.65	150.10	194.00	150.40
	July, 2019	170.35	119.30	176.00	119.25
	August, 2019	135.70	100.05	138.70	100.50
	September, 2019	146.60	105.55	146.90	105.80
	October, 2019	135.85	113.00	135.80	112.00
	November, 2019	146.80	125.60	146.60	125.20
	December, 2019	141.30	123.00	141.60	123.10
	January, 2020	147.35	124.95	147.30	125.15
	February, 2020	133.00	111.45	135.05	112.55
	March, 2020	119.00	63.10	118.80	62.45

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, 2020:

By size of shareholding	Shareholders		Equity shares held	
Nominal Value(₹)	**Number**	**Percentage (%)**	**Number**	**Percentage (%)**
1 - 5000	53,334	93.84	43,01,102	6.70
5001 - 10000	1,913	3.37	14,54,804	2.27
10001 - 20000	828	1.46	12,51,458	1.95
20001 - 30000	269	0.47	6,81,014	1.06
30001 - 40000	121	0.21	4,29,081	0.67
40001 - 50000	94	0.17	4,36,352	0.68
50001 - 100000	158	0.28	11,39,247	1.77
100001 & Above	117	0.20	5,45,10,560	84.90
TOTAL	**56,834**	**100**	**6,42,03,618**	**100**

By category of shareholders	Equity Shares held	
Nominal Value(₹)	**Number of Shares**	**Percentage (%)**
Clearing Members	1,16,280	0.18
Other Bodies Corporate	11,84,945	1.85
Financial Company	32,56,661	5.07
Financial Institutions	82,465	0.13
Hindu Undivided Family	7,12,655	1.11
Nationalised Banks	26	0.00
Foreign Nationals	889	0.00
Non Resident Indians	3,32,219	0.52
Non Resident (Non-Repatriable)	86,033	0.13
Public	1,02,43,982	15.96
Promoters	4,67,62,345	72.83
Trusts	72	0.00
Foreign Portfolio Investors (Corporate)	14,19,809	2.21
NBFC	5,237	0.01
Total	**6,42,03,618**	**100**

7.12	**Dematerialisation of shares :**	6,42,03,617 Nos of Shares has been dematerialised as on March 31, 2020 & 01 no. of Share was in Physical Form. Trading in equity shares of the Company is permitted only in dematerialized 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:**	Link Intime India Private Limited
	For transfer / dematerialisation of shares, payment of dividend on shares, query on Annual Report and any other query on the shares of the Company.	C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400083, Maharashtra, India 022- Tel: +91 (22) 4918 6200; Fax: +91 (22) 4918 6195; email id: : rnt.helpdesk@linkintime.co.in; website: www.linkintime.co.in

REPORT ON CORPORATE GOVERNANCE (Contd.)

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. Further, in compliance with Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Therefore, 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.

8. OTHER INFORMATION

(a) Risk Management Framework:

The Company has an appropriate place mechanism to inform the Board members about the risk assessment and minimization 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 Members of Audit Committee, 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 SEBI LODR Regulations. They also give quarterly certification on financial results while placing the financial results before the Board in terms of SEBI LODR Regulations.

(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 a 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 (excluding GST) 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 ₹)

	Year ended March 31, 2020	Year ended March 31, 2019
As auditor:		
Audit fees	850,000	1,100,000
Limited review	2,250,000	2,400,000
In other capacity:		
Others (including certification fees)	102,753	349,560
Reimbursement of expenses	31,928	110,530
Total	**3,234,681**	**3,960,090**

REPORT ON CORPORATE GOVERNANCE (Contd.)

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, 2020, 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 LODR Regulations. 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.

g. The Company has obtained a certificate from M/s J B Bhave & Co., Company Secretaries, Pune 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.

h. Compliance with Non- Mandatory Provisions:

   1. The Chairman of the Board is an executive director

   2. Your Company publishes financial results in two newspapers of wide circulation. Further, the financial results are available on the website of your Company and of the stock exchanges where the shares of your Company are listed, i.e., BSE Ltd and National Stock Exchange of India Limited. Therefore, no individual intimations are sent to the shareholders.

   3. The Auditors' Opinion on the Financial Statements is unmodified.

REPORT ON CORPORATE GOVERNANCE (Contd.)

i. Statement of deviation/ variation in utilization of IPO proceeds

During the year ended March 31, 2016, the Company had raised ₹ 4,512.53 Million through public issue, specifically to meet the following objects of the Offer. The ''Objects of the Issue" in the Prospectus dated 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.

There is an unspent amount of ₹ 468.50 Million as on March 31, 2020 under the object "Advertising and sales promotion". In view of the above, it is proposed to transfer ₹ 250.00 Million (the Part of unutilized funds) out of the total up-spent of ₹ 468.50 Million to category "General Corporate Purpose", where these funds will be utilized along with the existing unutilized funds in this category.

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 member for use/deployment of part of unutilized amount of the IPO proceeds under the object "Advertising and sales promotion, an amount of ₹ 250.00 Million out of the current unspent amount of ₹ 468.50 Million as on March 31, 2020 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 unutilized part of the IPO proceeds for the above stated objects. However, there is no deviation from the stated objects in the Prospectus of the Company pursuant to Regulation 32 of SEBI LODR Regulations.

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director and Executive Directors. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors and Independent Directors. These Codes are available on the Company's website. I confirm that the Company has in respect of the year ended March 31, 2020, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them. For the purpose of this declaration, Senior Management Team means the Chief Financial Officer, Company Secretary and the Chief Human Resource Officer as on March 31, 2020.

Kailash Katkar
Managing Director & CEO

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

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE BY COMPANY SECRETARY IN WHOLE-TIME PRACTICE

To

The Members
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, 2020, 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 and considering the relaxations granted the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, 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

Jayavant B. Bhave
Proprietor
FCS: 4266 CP: 3068
UDIN: F004266B000260357
PR No.: 486/ 2016

Place: Pune
Date: 20th May, 2020

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

TO,

The Members of

QUICK HEAL TECHNOLOGIES LIMITED

Office No. 7010 C & D, Marvel Edge, 7th Floor,

Viman Nagar, Pune, Maharashtra, 411014

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of QUICK HEAL TECHNOLOGIES LIMITED having CIN: L72200MH1995PLC091408 and having registered office at Marvel Edge 7010 C & D Opposite NECO garden Society, Viman Nagar Pune- 411014, Maharashtra (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers and considering the relaxations granted the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	Designation	DIN	Date of appointment in Company
1	Kailash Sahebrao Katkar	Executive Director, CEO-Managing Director	00397191	17/08/1995
2	Sanjay Sahebrao Katkar	Executive Director, Managing Director	00397277	17/08/1995
3	Shailesh Lakhani	Non-Executive - Non Independent Director	03567739	29/04/2014
4	Mehul Savla	Non-Executive - Independent Director	02137699	13/06/2011
5	Priti Jay Rao	Non-Executive - Independent Director	03352049	10/04/2018
6	Apurva Pradeep Joshi	Non-Executive - Independent Director	06608172	21/08/2015
7	Amitabha Mukhopadhyay	Non-Executive - Independent Director	01806781	10/06/2019
8	Manu Mahmud Parpia*	Non-Executive - Independent Director	00118333	10/05/2018

*Resigned with effect from 11th May 2019

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is specifically being issued in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For J. B. Bhave & Co.
Company Secretaries

Jayavant B. Bhave
Proprietor
FCS: 4266 CP: 3068
UDIN: F004266B000260357
PR No.: 486/ 2016

Place: Pune
Date: 20th May, 2020

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, 2019 to March 31, 2020 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, 2019 to March 31, 2020 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, 2019 to March 31, 2020;

2) significant changes in accounting policies during the period April 1, 2019 to March 31, 2020 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.

Kailash Katkar
Chief Executive Officer and Managing Director

Nitin Kulkarni
Chief Financial Officer

RISK MANAGEMENT REPORT

OVERVIEW:

Quick Heal Technologies 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 customized 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 institutionalizing the decision making process and monitoring the exposures that are faced by Quick Heal, a formalized 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 stakeholders interest
- 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-à-vis upside / downside of accepting risks
  - Periodic review of the afore-stated positions

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

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 realize 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-à-vis the Objectives in the daily working or

RISK MANAGEMENT REPORT (Contd.)

projects undertaken and identifying the learning for the future.

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

BUSINESS RESPONSIBILITY REPORT

[See Regulation 34(2)(f) of SEBI LODR Regulations]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L72200MH1995PLC091408
2.	Name of the Company	Quick Heal Technologies Limited
3.	Registered address	Marvel Edge, Office No. 7010 C & D, 7th Floor, Vimannagar, Pune 411014
4.	Website	www.quickheal.co.in
5.	E-mail id	cs@quickheal.co.in
6.	Financial Year reported	April 01, 2019 to March 31, 2020
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Security Software Product and Services NIC Code: 722
8.	List three key products/services that the Company manufactures/ provides (as in balance sheet)	IT Security and anti-virus products covering: a. Total Security b. Endpoint Security c. Mobile Security d. Internet Security e. Home Security
9.	Total number of locations where business activity is undertaken by the Company (a) Number of International Locations (Provide details of major 5) (b) Number of National Locations	a. International Locations: i. United States of America; ii. Africa; iii. Kenya iv. UAE v. Japan b. Across India - 98 locations
10.	Markets served by the Company – Local/State/National/International	Company provide its services in India as well as abroad

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (₹)	642.03 million
2.	Total Turnover (₹) (Standalone)	2,834.04 millions
3.	Total profit after taxes (₹) (Standalone)	736.39 millions
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	22.85 millions
5.	List of activities in which expenditure in 4 above has been incurred:-	a. Promotion of education b. Eradicating extreme hunger and poverty c. Promotion of cyber security

SECTION C: OTHER DETAILS

1.	Does the Company have any Subsidiary Company/ Companies?	Yes
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]	No

BUSINESS RESPONSIBILITY REPORT (Contd.)

SECTION D: BR INFORMATION

1.	Details of Director/Directors responsible for BR	
	(a) Details of the Director/Director responsible for implementation of the BR policy/policies	(a) 1. DIN Number: 00397191 2. Name : Kailash Katkar 3. Designation : Managing Director & CEO
	(b) Details of the BR head	(b)

No.	Particulars	Details
1	DIN Number	00397191
2	Name	Kailash Katkar
3	Designation	Managing Director & CEO
4	Telephone number	020-66813232
5	e-mail id	cs@quickheal.co.in

2. Principle-wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as follows:

P1. Business should conduct and govern themselves with Ethics, Transparency and Accountability

P2. Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

P3. Businesses should promote the wellbeing of all employees

P4. Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

P5. Businesses should respect and promote human rights

P6. Business should respect, protect, and make efforts to restore the environment

P7. Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

P8. Businesses should support inclusive growth and equitable development

P9. Businesses should engage with and provide value to their customers and consumers in a responsible manner

(a) Details of compliance (Reply in Y/N)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for....	Y	N	Y	Y	Y	N	N	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	N	Y	Y	Y	N	N	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words) The Company has prepared these policies after reviewing the international and industry best practices and has discussed internally in detail before its implementation. The policies are of international standards and are open for amendments, as and when required.	Y	N	Y	Y	Y	N	N	Y	Y
4	Has the policy being approved by the Board?	Y	N	Y	Y	Y	N	N	Y	Y
	Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	These policies have been signed by the Managing Director								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	N	Y	Y	Y	N	N	Y	Y
	Indicate the link for the policy to be viewed online?	www.quicheal.co.in								

BUSINESS RESPONSIBILITY REPORT (Contd.)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
6	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	N	Y	Y	Y	N	N	Y	Y
7	Does the company have in-house structure to implement the policy/ policies.	Y	N	Y	Y	Y	N	N	Y	Y
8	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	N	Y	Y	Y	N	N	Y	Y
9	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	N	Y	Y	Y	N	N	Y	N

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify)	Need for a written policy was not felt. Suitable decision for a written policy will be taken at appropriate time								

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

This is the first time the Company is publishing Business Responsibility Report. In future, the Company will assess the BR performance every year.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

No

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1		
1.	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?	Yes, the policy is applicable to all employee(s)/ Directors and any other stakeholders.
2.	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	During the financial year 2019-20, Company had received 1 compliant from investor which was resolved till the date of this report. There is no complaint pending till the date of this report. The Company has adopted the Whistle blower / Vigil Mechanism where it allows its employees and stakeholders to report the violation of Code of Conduct, Company Policy, or any other applicable law or regulation. The details of the policy are available on the Company's website at the following link: https://www.quickheal.co.in/investors/company-policies

BUSINESS RESPONSIBILITY REPORT (Contd.)

Principle 2		
1.	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	The Company is in the business of providing IT security solutions. Hence, these products do not attract social or environmental concerns, risks and/ or opportunities
2.	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional): (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain? (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?	Not Applicable
3.	Does the company have procedures in place for sustainable sourcing (including transportation)? (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	The Company has Procurement Policy in place which considers sustainability, financial viability of the suppliers, quality of good and services, while procuring any material/sourcing any parts/engaging in any service engagements
4.	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	We encourage sourcing from the local vendors. Local sourcing reduces costs, provides local employment benefits and reduced environmental footprint in sourcing. However, considering the nature of business and the need for updated technology, we have to go for service engagements with overseas vendors /service engagements.
5.	Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	Company had installed water aerators to optimize the water consumption at all taps. This helped the Company to save water at large extent.

Principle 3		
1.	Please indicate the Total number of employees.	942
2.	Please indicate the Total number of employees hired on temporary/contractual/ casual basis.	93
3.	Please indicate the Number of permanent women employees.	152
4.	Please indicate the Number of permanent employees with disabilities	NA
5.	Do you have an employee association that is recognized by management.	No
6.	What percentage of your permanent employees is members of this recognized employee association?	NA
7*.	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	Nil
8.	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year? (a) Permanent Employees (b) Permanent Women Employees (c) Casual/Temporary/Contractual Employees (d) Employees with Disabilities	a) Permanent Employees - 100% (b) Permanent Women Employees - 100% (c) Casual/Temporary/Contractual Employees - 100% (d) Employees with Disabilities – NA

BUSINESS RESPONSIBILITY REPORT (Contd.)

*Information to be provided under Point No. 7 above

No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

Principle 4		
1.	Has the company mapped its internal and external stakeholders? Yes/No	Yes
2.	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.	Yes
3.	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.	Yes Company has taken various special initiatives to engage with disadvantaged, vulnerable and marginalized stakeholders which are as follows: a. Community Development- Work on health, education, livelihood and facilitation of midday meals for the katkaris. b. Promotion of Education Our initiatives help empower young students with crucial life skills, and address pressing and often ignored challenges and queries they face, in the academic and personal sphere. We provide counselling and awareness regarding behavioural and family problems, addiction, challenges in studies, sex education, HIV and AIDS awareness, child and sexual abuse and more
Principle 5		
1.	Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures /Suppliers /Contractors /NGOs /Others?	The policy extends to the Quick Heal Group
2.	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	During the year, the Company did not receive any complaint from its stakeholders.
Principle 6		
1.	Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.	The policy extends to Quick Heal
2.	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	Yes, the Company has installed 45KW Solar plant at Thube Park, Shivajinagar Office, Pune. Plant is running & generating more than 5% of it's total energy requirement for location.
3.	Does the company identify and assess potential environmental risks? Y/N	Yes
4.	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	Company do not generate any hazardous waste.

BUSINESS RESPONSIBILITY REPORT (Contd.)

5.	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	Yes, the Company has installed 45KW Solar plant at Thube Park, Shivajinagar Office, Pune. Plant is running & generating more than 5% of it's total energy requirement for location.
6.	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	E-waste generated by the company is in the permissible limit.
7.	Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	Company did not received any show cause/ legal notice during the financial year ended March 31, 2020.
Principle 7		
1.	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	The company is a member of: a. Association of Antivirus b. Confederation of Indian Industries c. Data Security Council of India d. Proventus Angel Network LLP
2.	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	No
Principle 8		
1.	Does the company have specified programmes / initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	Company has a Cyber Security Awareness program. Company's awareness initiatives aim to do just that, for future bastions of the fight against cyber threats. We directly involve students, teachers and the public in these initiatives. Initiatives: Earn and Learn, Cy-Fi Arts Festival, Faculty Development Program, Student Resource Web Portal and Street Plays
2.	Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?	Projects undertaken are: a. Cyber Security Awareness - In house team and college volunteers b. Promotion of Education - Pankh NGO c. Community Development - Kasba Ganpati Samajik Sanstha d. Cy-Fi Arts Festival - College e. Streetplays - External team
3.	Have you done any impact assessment of your initiative?	No
4.	What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.	Our initiatives aim to uplift economically weaker tribal communities from a long-term perspective, by providing access to key resources. We enable them lead better lives and improve prospects for their future by tackling the major challenge holding them back – extreme poverty. Project Disha This project embodies our efforts towards sustainable development in socio-economically weaker communities through women empowerment, health and nutrition awareness, education of the children and by providing basic infrastructure, among others. Impact Figures 3,000 lives impacted

BUSINESS RESPONSIBILITY REPORT (Contd.)

Promotion of Education

Quick Heal initiatives in education help secure the futures of students at especially crucial times during their developing years. In association with the Pankh Foundation, these are designed to tackle those problems faced by students which are not being effectively addressed by existing avenues. They protect students from current and potential threats to their well-being and create safe environments for active dialogue.

We provide counselling and awareness regarding behavioural and family problems, addiction, challenges in studies, sex education, HIV and AIDS awareness, child and sexual abuse and more.

Impact Figures

14,314 students impacted

26 schools/colleges

Cyber Security Awareness

Earn and Learn

Quick Heal provides training to Computer Science students regarding cyber-security and safe and responsible practices online. These volunteers then go on to conduct lessons for others. They even receive a stipend for these efforts. This activity is carried out across Maharashtra.

Impact Figures

Students sensitized 5,13,185

Schools covered 1,165

Cy-Fi Arts Festival

This is a unique initiative towards increasing cyber-security awareness. It is a competitive festival of short films. The initiative is crafted as a one-of-its kind means of engaging and informing a growing audience regarding digital behavior and cyber-security. The project is supported by Maharashtra Cyber.

Faculty Development Program

As part of this initiative, Quick Heal has partnered with select Computer Science colleges in Maharashtra. The teachers there are trained in advanced level C and C++, as per industry standards. This training is based on special modules designed by the Quick Heal R&D department. They are designed with the objective of supporting the creation of secure and robust programming applications by the students.

BUSINESS RESPONSIBILITY REPORT (Contd.)

		Student Resource Web Portal Quick Heal has created a resource web portal where students can learn and understand secured programming. The portal hosts modules from various courses on the subject, while bridging the gap between the industry and academia. It is free to use and remotely accessible, ensuring that students from all backgrounds can benefit from it. The resources are provided by Quick Heal. However, the portal itself has been developed by students, to ensure maximum usability. This initiative creates better avenues for students through improved skills and job generation. Street Plays Street play is a medium through which, we can reach the public easily. Through street plays, one can present in a very intriguing way the seriousness of a particular situation or an issue at hand. It helps in gaining attention of the maximum number of people. It aims to spread awareness about online safety and cyber cell for citizens to approach with their concerns of cybercrime. Outreach 1,21,497 people Place - Pune, Mumbai, Satara
5.	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	For Life Skill Education - We take a survey of the students after 45 days of the session. This survey helps us know if students have adopted the teachings or not. For Shalangan- Since it is a yearlong activity, we communicate with students to know the improvements.
Principle 9		
1.	What percentage of customer complaints /consumer cases are pending as on the end of financial year.	We have a formal system of receiving Customer complaints through channels like voice, chat, email and social media. During the year under review, we have addressed customer queries/ complaints through these channels ensuring all of them have been resolved. As regards consumer cases, 11 consumer cases were pending before different Forums/Commissions at the beginning of the year. During the year, 1 consumer case was filed and 4 cases were disposed-off leaving a balance of 8 pending cases as on end of the financial year 2019-20
2.	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)	Since the Company is in the business of software products, the Company makes necessary disclosures about the software products being developed to its customers as per its contractual obligations.
3.	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	There is no anti-competitive behaviour, abuse of dominant position or unfair trade practices case pending against the Company
4.	Did your company carry out any consumer survey/ consumer satisfaction trends?	The Company carries on a consumer satisfaction survey on a periodic basis and compares the various parameters across multiple dimensions through peer comparison and its membership in the various chambers of commerce.

INDEPENDENT AUDITOR'S REPORT

To the Members of Quick Heal Technologies Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Quick Heal Technologies Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of reports of other auditors on separate financial statements and on the other financial information of subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group as at March 31, 2020, of consolidated profit, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) 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 Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sr. No.	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	**Revenue Recognition** Refer the disclosures related to Revenue recognition in Note 23 to the accompanying Financial Statements. Revenue is recognized in accordance with Ind AS 115, Revenue from the sale of security software products and devices is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Holding Company expects to be entitled in exchange for those goods. We determined this matter to be a key audit issue as 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)	Our audit procedures in respect of this area include but are not limited to: 1. Obtained and read contract with customers and confirmed our understanding of the Holding Company's sales process, including design and implementation of controls and tested the operating effectiveness of these controls. 2. Read and understood the Holding Company's accounting policy for revenue recognition. 3. Confirmed our understanding of the nature of security software products sold by the Holding Company. 4. 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. 5. 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

INDEPENDENT AUDITOR'S REPORT (Contd.)

Sr. No.	Key Audit Matter	How the Key Audit Matter was addressed in our audit
2	**Provision for credit loss for accounts receivables** Refer Note 11 of Financial statement. Trade receivables as on March 31, 2020 amounts to ₹ 1,454.94 million against which provision of ₹ 323.32 million was made towards expected credit loss in the books of account. We have identified provisioning for credit loss as a key audit matter as the calculation of credit loss provision is a complex area and requires management to make significant assumptions on customer payment behavior and estimating the level and timing of expected future cash flows.	We evaluated the judgement and estimation used by management in recognizing the expected credit loss provision. Our procedures included, but were not limited to the following: 1. Obtained understating of the Holding Company's policy on assessment of impairment of trade receivables, including design and implementation of controls, validation of management review controls. We have tested the operating effectiveness of these controls. 2. Requested for and obtained independent balance confirmations from the Holding Company's customers on sample basis. 3. Tested subsequent receipts after the year-end to on sample basis. 4. Tested ageing of trade receivables for a sample of customer transactions. 5. Obtained management comments and recovery plans for trade receivables outstanding for more than 180 days 6. Assessed the trade receivables impairment methodology applied in the current year and compared the Holding Company's provisioning rates against historical collection data.
3	**Assessment of COVID-19 Impact** The World Health Organization announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic on March 11, 2020. On March 24, 2020, the Indian government announced a strict 21-day lockdown across the country to contain the spread of the virus, which has been further extended till May 31, 2020. This pandemic and response are creating disruption in global supply chain and adversely impacting most of the industries which has resulted in global slowdown. The management has made an assessment of the impact of COVID-19 on the Holding Company's operations, financial performance and position as at and for the year ended March 31, 2020 and has concluded that no there is no impact which is required to be recognised in the financial statements. The full extent and duration of the impact of COVID-19 is currently unknown and the provision made by the Holding Company based on its estimates involves a significant amount of judgement including the duration and spread of the pandemic and any new information that may emerge concerning the severity of the virus, its spread to other regions and the actions to contain the virus or treat its impact, among others. Hence, we have ascertained the assessment of the impact of COVID-19 as a Key Audit Matter.	Our audit procedures in respect of this area include but are not limited to: 1. Testing the design and operating effectiveness of key controls (including application controls) over revenue recognition and provisions relating to expenses and impairment. 2. Testing of Application controls include testing of automated controls, reports and system reconciliations. 3. Selecting samples based on quantitative and qualitative risk factors 4. Testing the selected samples for cut off over revenue recognition 5. Testing the selected sample to assess its correct classification and provision amount as per extant policy. 6. Verified the management evaluation over assessment of Going Concern assumption and Impairment provisions.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

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

Our opinion on the consolidated 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. 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 the assets of the Group and for preventing and detecting frauds and other irregularities; the 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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 financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated 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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Standards on Auditing ("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 financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Consolidated Financial Statements.

Other Matters

a. We did not audit the financial statements of 4 subsidiaries whose financial statements reflect total assets of ₹ 83.51 million as at March 31, 2020, total revenues of ₹ 51.29 million and net cash inflows amounting to ₹ 11.66 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated 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-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

b. The consolidated Ind AS financial statements of the Company for the year ended March 31, 2019, were audited by another auditor whose report dated May 10, 2019 expressed an unmodified opinion on those statements.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Our opinion on the consolidated 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

1. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.

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

   c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

      Requirement of Section 164 (2) of the Act is not applicable to all the 4 subsidiaries which are incorporated outside India.

   f. With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

   g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 32 (c) & (d) to the consolidated financial statements.

      ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

2. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Holding Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

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

Nitin Manohar Jumani
Partner
Membership No. 111700
UDIN: 20111700AAAABB6445

Place: Pune
Date: May 21, 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF QUICK HEAL TECHOLOGIES LIMITED

Auditor's Responsibilities for the Audit of the Consolidated 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 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 internal financial controls with reference to financial statements 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 ability of the Group 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 consolidated 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 financial statements, including the disclosures, and whether the consolidated 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 to express an opinion on the consolidated 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 financial statements of which we are the independent auditors. For the other entities included in the consolidated 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 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 financial statements of the current period 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.

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

Nitin Manohar Jumani
Partner
Membership No. 111700
UDIN: 20111700AAAABB6445

Place: Pune
Date: May 21, 2020

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF QUICK HEAL TECHNOLOGIES LIMITED

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Quick Heal Technologies Limited on the consolidated Financial Statements for the year ended March 31, 2020]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to consolidated financial statements of Quick Heal Technologies Limited (hereinafter referred to as "the Holding Company").

Clause (i) of Sub-section 3 of Section 143 is not applicable to all the 4 subsidaries which are incorporated outside India.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding company are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the Holding 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 ("the ICAI"). 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 Holding company 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding company 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") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 internal financial controls with reference to consolidated 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 internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated 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 consolidated 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 with reference to consolidated financial statements of the Holding company.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A Holding company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A Holding company's internal financial control with reference to consolidated 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 Holding company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Holding company are being made only in accordance with authorizations of management and directors of the Holding company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Holding company's assets that could have a material effect on the consolidated financial statements.

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF QUICK HEAL TECHNOLOGIES LIMITED (CONTD.)

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated 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, and to the best of our information and according to the explanations given to us, the Holding Company have in all material respects, internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to consolidated financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Nitin Manohar Jumani
Partner
Membership No. 111700
UDIN: 20111700AAAABB6445

Place: Pune
Date: May 21, 2020

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2020

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

	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	5	1,485.09	1,570.04
(b) Capital work-in-progress		34.00	106.33
(c) Intangible assets	6	99.81	77.08
(d) Financial assets			
(i) Investments	7	353.32	296.23
(ii) Loans and security deposits	8	3.81	3.75
(iii) Other financial assets	9	3.91	4.04
(e) Deferred tax assets (net)	29	25.86	86.69
(f) Income tax assets (net)	14	167.92	45.54
(g) Other non-current assets	15	5.32	0.52
		2,179.04	**2,190.22**
Current assets			
(a) Inventories	10	62.40	53.94
(b) Financial assets			
(i) Investments	7	2,745.22	3,602.17
(ii) Trade receivables	11	1,131.62	1,250.52
(iii) Cash and cash equivalents	12	100.72	129.56
(iv) Bank balances other than (iii) above	13	699.53	1,219.44
(v) Loans and security deposits	8	7.74	7.09
(vi) Interest accrued	9	15.26	30.59
(c) Other current assets	15	24.13	44.74
		4,786.62	**6,338.05**
Total Assets		**6,965.66**	**8,528.27**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	16	642.03	705.63
(b) Share application money pending allotment	16	-	0.17
(c) Other equity	17		
(i) Retained earnings		4,707.81	4,418.83
(ii) Securities premium		593.84	2,343.38
(iii) Amalgamation reserve		26.45	26.45
(iv) General reserve		450.26	450.26
(v) Capital redemption reserve		63.64	-
(vi) Other reserves		(43.35)	(47.13)
Total equity		**6,440.68**	**7,897.59**
Liabilities			
Non-current liabilities			
(a) Net employee defined benefit liabilities	21	4.62	18.37
(b) Other non-current liabilities	20	19.63	19.53
		24.25	**37.90**
Current liabilities			
(a) Financial liabilities			
(i) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	18	4.73	0.37
(b) Total outstanding dues creditors other than micro enterprises and enterprises	18	382.54	387.50
(ii) Other financial liabilities	19	9.04	34.23
(b) Other current liabilities	20	86.68	135.76
(c) Net employee defined benefit liabilities	21	3.94	21.22
(d) Income tax liabilities (net)	22	13.80	13.70
		500.73	**592.78**
Total liabilities		**524.98**	**630.68**
Total equity and liabilities		**6,965.66**	**8,528.27**

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 **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration Number: 105047W

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

Nitin Manohar Jumani
Partner
Membership Number: 111700
Place: Pune
Date: May 21, 2020

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191
Place: Pune
Date: May 21, 2020

Sanjay Katkar
Joint Managing Director
& Chief Technical Officer
DIN: 00397277
Place: Pune
Date: May 21, 2020

Nitin Kulkarni
Chief Financial Officer
Place: Pune
Date: May 21, 2020

Srinivasa Rao Anasingaraju
Company Secretary
Regs. No. FCS-9901
Place: Pune
Date: May 21, 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2020

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

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
INCOME			
Revenue from operations	23	2,861.38	3,149.26
Other income	24	315.96	326.67
Total income		**3,177.34**	**3,475.93**
EXPENSES			
Cost of materials consumed	25 (a)	8.16	30.51
Purchase of security software products	25 (b)	95.94	115.89
(Increase) / decrease in security software products	25 (c)	(3.86)	(19.28)
Employee benefits expense	26	1,014.19	988.51
Depreciation and amortisation expense	27	216.77	235.49
Other expenses	28	833.03	754.62
Total expenses		**2,164.23**	**2,105.74**
Profit before exceptional items and tax		**1,013.11**	**1,370.19**
Exceptional items		-	-
Profit before tax		**1,013.11**	**1,370.19**
TAX EXPENSE			
Current tax	29		
Pertaining to profit for the current year		211.44	447.25
Adjustments of tax relating to earlier years		-	45.99
Deferred tax		57.56	(41.29)
Total tax expense		**269.00**	**451.95**
Profit for the Year		**744.11**	**918.24**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent years:			
Re-measurement of defined benefit plans		13.00	(4.94)
Income tax effect		(3.27)	1.71
		9.73	(3.23)
Net (loss) or gain on FVTOCI assets		-	(29.52)
Income tax effect		-	-
		-	(29.52)
Other comprehensive income not to be reclassified to profit or loss in subsequent years		**9.73**	**(32.75)**
Other comprehensive income to be reclassified to profit or loss in subsequent years:			
Exchange differences on translation of foreign operations		2.16	2.73
Income tax effect		-	-
		2.16	2.73
Other comprehensive income to be reclassified to profit or loss in subsequent years:		**2.16**	**2.73**
Total comprehensive income for the year		**756.00**	**888.22**
Earnings per equity share [nominal value per share ₹ 10 (March 31, 2019: ₹ 10)]	30		
Basic		11.34	13.03
Diluted		11.34	13.02
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 **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration Number: 105047W

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

Nitin Manohar Jumani
Partner
Membership Number: 111700
Place: Pune
Date: May 21, 2020

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191
Place: Pune
Date: May 21, 2020

Sanjay Katkar
Joint Managing Director
& Chief Technical Officer
DIN: 00397277
Place: Pune
Date: May 21, 2020

Nitin Kulkarni
Chief Financial Officer
Place: Pune
Date: May 21, 2020

Srinivasa Rao Anasingaraju
Company Secretary
Regs. No. FCS-9901
Place: Pune
Date: May 21, 2020

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020

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

	March 31, 2020	March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	1,013.11	1,370.19
Adjustment to reconcile profit before tax to net cash flows:		
Net (gain) / loss foreign exchange differences	0.95	1.26
Employee share based payments expense	1.70	10.68
Depreciation and amortization expense	216.77	235.49
Interest income	(81.29)	(110.05)
Provision for doubtful debts and advances	62.83	19.14
Bad debts / property, plant and equipment written off	2.37	4.09
Profit on sale of property, plant and equipment	(5.30)	(21.33)
Dividend income	(67.92)	(148.01)
Exchange difference on translation of foreign currency cash and cash equivalents	(2.80)	(1.97)
Net gain on sale of investment	(28.36)	(0.42)
Net (gain) / loss on FVTPL current investment	(66.28)	(16.53)
Operating profit before working capital changes	**1,045.78**	**1,342.54**
Movements in working capital:		
(Increase)/decrease in trade receivables	54.91	(241.40)
(Increase)/decrease in inventories	(8.46)	2.30
(Increase)/decrease in loans	(0.74)	1.19
(Increase)/decrease in other financial assets	0.13	(1.12)
(Increase)/decrease in other assets	15.32	(19.76)
Increase/(decrease) in net employee defined benefit liabilities	(18.03)	0.51
Increase/(decrease) in trade payables	(0.49)	60.70
Increase/(decrease) in other current liabilities	(49.09)	22.80
Cash generated from operations	**1,039.33**	**1,167.76**
Direct taxes paid (net of refunds)	(333.72)	(553.89)
Net cash flow from operating activities (A)	**705.61**	**613.87**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress and capital advances)	(113.22)	(108.57)
Proceeds from sale of property, plant and equipment	10.98	31.83
Investments in non-current investments (other)	(57.09)	(150.00)
Purchase of current investments	(6,621.26)	(6,735.48)
Sale of current investments	7,572.85	6,039.30
(Increase)/decrease in bank balances other than cash and cash equivalents	519.91	287.80
Interest received	96.71	118.46
Dividends received	67.92	148.01
Net cash (used in) investing activities (B)	**1,476.80**	**(368.65)**

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

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

	March 31, 2020	March 31, 2019
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid on equity shares	(384.68)	(211.19)
Tax on equity dividend paid	(79.65)	(43.03)
Proceeds from issuance of equity shares (including securities premium and Buy back)	0.25	14.28
Payout on Buyback of equity shares	(1,750.00)	-
Share application money pending allotment	-	0.17
Net cash flow (used in) financing activities (C)	**(2,214.08)**	**(239.77)**
Net (decrease) in cash and cash equivalents (A+B+C)	**(31.64)**	**5.45**
Cash and cash equivalents at the beginning of the year	129.56	122.14
Effect of exchange differences on cash and cash equivalents held in foreign currency	2.80	1.97
Cash and cash equivalents at the end of the year	**100.72**	**129.56**
Components of cash and cash equivalents		
Cash on hand	0.63	0.35
Balances with banks		
On current account	77.45	94.29
On EEFC account	3.09	2.68
Deposits with original maturity of less than three months	-	28.37
Cheques on hand	19.55	3.87
Total cash and cash equivalents (refer note 12)	**100.72**	**129.56**
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 **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration Number: 105047W

Nitin Manohar Jumani
Partner
Membership Number: 111700

Place: Pune
Date: May 21, 2020

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

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191

Place: Pune
Date: May 21, 2020

Sanjay Katkar
Joint Managing Director
& Chief Technical Officer
DIN: 00397277

Place: Pune
Date: May 21, 2020

Nitin Kulkarni
Chief Financial Officer

Place: Pune
Date: May 21, 2020

Srinivasa Rao Anasingaraju
Company Secretary

Regs. No. FCS-9901

Place: Pune
Date: May 21, 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2020

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

A. Equity share capital

Equity shares of ₹ 10 each issued, subscribed and fully paid-up	No.	Amount
As at April 1, 2018	**7,03,88,183**	**703.88**
- Employee stock option plan (ESOP)	1,75,471	1.75
As at March 31, 2019	**7,05,63,654**	**705.63**
- Employee stock option plan (ESOP)	3,600	0.04
- Buy Back	(63,63,636)	(63.64)
As at March 31, 2020	**6,42,03,618**	**642.03**

B. Share application money pending allotment

	As at March 31, 2020	As at March 31, 2019
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	Capital redemption reserve	Retained earnings	Foreign currency translation reserve	Equity instruments through Other comprehensive income	Total
Balance as at April 1, 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**
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)	-	-	(43.04)
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**
Profit for the Year	-	-	-	-	-	744.11	-	-	744.11
Other comprehensive income	-	-	-	-	-	9.73	2.16	-	11.89
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**753.84**	**2.16**	**-**	**756.00**
Expenses pertaining to share-based payments	-	1.70	-	-	-	-	-	-	1.70
Utilised for buy back	(1,686.36)	-	-	-	-	-	-	-	(1,686.36)
Transferred to Capital redemption reserve	(63.64)	-	-	-	63.64	-	-	-	-
Exercise of share options	0.38	(0.08)	-	-	-	-	-	-	0.30
Transferred from ESOP account	0.08	-	-	-	-	-	-	-	0.08
Appropriations:									
Final equity dividend	-	-	-	-	-	(128.40)	-	-	(128.40)
Tax on final dividend	-	-	-	-	-	(26.86)	-	-	(26.86)
Interim equity dividend	-	-	-	-	-	(256.81)	-	-	(256.81)
Tax on interim dividend	-	-	-	-	-	(52.79)	-	-	(52.79)
Balance as at March 31, 2020	**593.84**	**24.00**	**26.45**	**450.26**	**63.64**	**4,707.81**	**(1.66)**	**(65.68)**	**5,798.65**

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

As per our report of even date
For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration Number: 105047W

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

Nitin Manohar Jumani
Partner
Membership Number: 111700
Place: Pune
Date: May 21, 2020

Kailash Katkar
Managing Director
& Chief Executive Officer
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Date: May 21, 2020

Nitin Kulkarni
Chief Financial Officer
Place: Pune
Date: May 21, 2020

Srinivasa Rao Anasingaraju
Company Secretary
Regs. No. FCS-9901
Place: Pune
Date: May 21, 2020

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

(All amounts are in ₹ 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, 2020 were authorised for issue in accordance with a resolution of the Board of Directors on May 21, 2020.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 read with Indian Accounting Standards Rules, 2015, as amended and other relevant provisions of the Act.

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 ₹ millions; except when otherwise indicated.

Items	Measurement basis
Certain non-derivative financial instruments at fair value	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, 2020. 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 -

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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;
- 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

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- 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.

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 39)
- Financial instruments risk management objectives and policies (Note 40)

e) Revenue recognition

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.

Goods and Services Tax (GST) and all other applicable taxes 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

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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.

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 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.

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

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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;
- 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	12.00% - 25.89%
Office equipment	5	5-15	14.20% - 45.07%
Server	6	6	39.30%
Vehicles	8	8	25.00% - 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.

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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.

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

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

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

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

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

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to

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the rate inherent in the lease unless this is not readily determinable, in which case the entities incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

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

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

on the basis of termination option being exercised.

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

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

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

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

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.
- 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

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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 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.

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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.

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.

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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 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.

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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 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.

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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 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.

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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 Judgement is required for identifying separate performance obligation, 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). The group considered each promise in a contract with customer to transfer a goods or service that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer to identify separate performance obligation, transaction price is allocated to each performance obligation that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer and point of transfer of control in goods or service to determine whether the performance obligation is satisfied over time or at a point in time.

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

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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.

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.

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 38 for further disclosures.

4 (a) Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards.

There is no such notification which would have been applicable from April 1, 2020.

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5. PROPERTY, PLANT AND EQUIPMENT

	Freehold land (refer note 1 below)	Leasehold premises	Buildings (refer note 2 below)	Computers and server	Office equipment	Electrical installations	Furniture and fixtures	Vehicles	Total
Cost (Gross) (refer note 3 below)									
At April 1, 2018 (refer note 3 below)	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**
Transfer	-	-	-	(1.77)	1.77	-	-	-	-
Additions	-	-	-	79.37	2.24	3.80	-	1.40	86.81
Disposals/written-offs	-	-	5.96	2.14	9.38	-	0.32	5.57	23.37
At March 31, 2020	**26.63**	**21.32**	**1,603.78**	**472.42**	**176.19**	**99.79**	**229.66**	**10.91**	**2,640.70**
Depreciation (Gross) (refer note 3 below)									
At April 1, 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**
Transfer	-	-	-	(0.90)	0.90	-	-	-	-
Depreciation charge for the year	-	0.67	63.30	64.77	9.56	8.06	17.07	3.16	166.58
Disposals/written-offs	-	-	2.41	2.00	8.69	-	0.26	4.83	18.19
At March 31, 2020	**-**	**7.71**	**370.34**	**358.02**	**160.48**	**75.19**	**180.35**	**3.56**	**1,155.62**
Net block									
At March 31, 2019	**26.63**	**14.29**	**1,300.30**	**100.81**	**22.85**	**28.86**	**66.44**	**9.85**	**1,570.04**
At March 31, 2020	**26.63**	**13.61**	**1,233.44**	**114.40**	**15.71**	**24.60**	**49.31**	**7.35**	**1,485.09**

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 Group 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 Group has disclosed the gross block and accumulated depreciation above, for information purpose only. The accumulated depreciation as at April 1, 2015 is ₹ 228.49.

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6. INTANGIBLE ASSETS

	Software	Patent	Total
Cost (Gross) (refer note 1 below)			
At April 1, 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**
Purchase	77.46	-	77.46
Disposals	80.06	-	80.06
At March 31, 2020	**469.89**	**0.40**	**470.29**
Amortisation (Gross) (refer note 1 below)			
At April 1, 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**
Amortisation for the year	50.14	0.02	50.16
Disposals	75.49	-	75.49
At March 31, 2020	**370.28**	**0.20**	**370.48**
Net block			
At March 31, 2019	**76.86**	**0.22**	**77.08**
At March 31, 2020	**99.61**	**0.20**	**99.81**

1. The Group 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 Group has disclosed the gross block and accumulated depreciation above, for information purpose only. The accumulated depreciation as at April 1, 2015 is ₹ 228.49.

7. INVESTMENTS IN OTHERS

	As at March 31, 2020	As at March 31, 2019
Non - current investments		
Investment carried at amortised cost		
Investment in tax free bonds		
7.35% Indian Railway Finance Corporation Limited Bonds	33.54	33.54
7.39% National Highway Authority of India Bonds	24.84	24.84
	58.38	**58.38**
Investments at fair value through profit and loss		
Investments in mutual funds (quoted)		
Investments in mutual funds	273.14	237.85
	273.14	**237.85**
Investments at fair value through OCI		
Investment in other equity shares (unquoted)		
4,472 (March 31, 2019: 4,472) equity shares of ₹ 10 each fully paid-up in Smartalyse Technologies Private Limited	66.65	66.65
Less: Fair value changes routed through OCI	(66.65)	(66.65)
	-	**-**
15,927 (March 31, 2019: Nil) equity shares of USD 18.84 each fully paid-up in L7 Defense	21.80	-
	21.80	**-**
Total non - current investments	**353.32**	**296.23**
Current investments		

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7. INVESTMENTS IN SUBSIDIARIES AND OTHERS (CONTD.)

	As at March 31, 2020	As at March 31, 2019
Investments at fair value through profit and loss		
Investments in mutual funds (quoted)		
Investments in mutual funds	2,745.22	3,602.17
Total current investments	**2,745.22**	**3,602.17**
Total non-current investments	**353.32**	**296.23**
Total current investments	**2,745.22**	**3,602.17**
Aggregate book value of quoted investments	3,018.36	3,840.02
Aggregate market value of quoted investments	3,018.36	3,840.02
Aggregate value of unquoted investments	80.18	58.38
Aggregate amount of impairment in value of investments	66.65	66.65
Investments carried at amortised cost	58.38	58.38
Investments carried at fair value through profit or loss	3,018.36	3,840.02
Investments carried at fair value through other comprehensive income	21.80	-

8. LOANS AND SECURITY DEPOSITS

	As at March 31, 2020	As at March 31, 2019
Loans and security deposits (unsecured, considered good) (at amortised cost)		
Current		
Security deposits	7.74	7.09
Total current	**7.74**	**7.09**
Loans and security deposits (unsecured, considered good) (at amortised cost)		
Non - current		
Security deposits	3.81	3.75
Total non - current	**3.81**	**3.75**

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, 2020	As at March 31, 2019
Current		
Interest accrued		
on bank balance	15.26	30.59
Total current	**15.26**	**30.59**
Non - current		
Bank balances		
Deposits with remaining maturity of more than twelve months	3.91	4.04
Total non - current	**3.91**	**4.04**
Other financial assets carried at amortised cost	19.17	34.63
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, ₹ 3.91 (March 31, 2019: ₹ 4.04) are pledged against bank guarantees.

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10. INVENTORIES

	As at March 31, 2020	As at March 31, 2019
At lower of cost and net realisable value		
Raw materials - Security software devices - Unified Threat Management (UTM)	13.35	8.75
Finished goods - Security softwares	49.05	45.19
Total	**62.40**	**53.94**

11. TRADE RECEIVABLES

	As at March 31, 2020	As at March 31, 2019
Trade receivables	1,131.62	1,250.52
Trade receivable from related parties (refer note 35)	-	-
Total	**1,131.62**	**1,250.52**

Break-up for security details:

	As at March 31, 2020	As at March 31, 2019
Trade receivables		
Considered good - Secured	-	-
Considered good - Unsecured	1,131.62	1,232.09
Receivable which have significant increase in credit risk	-	19.69
Receivables - credit impaired	323.32	259.40
TOTAL	**1,454.94**	**1,511.18**
Impairment allowed (allowed for bad and doubtful debts)		
Considered good - Unsecured	-	-
Receivable which have significant increase in credit risk*	-	(1.26)
Receivables - credit impaired	(323.32)	(259.40)
	(323.32)	**(260.66)**
Total	**1,131.62**	**1,250.52**

* 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, 2020	As at March 31, 2019
Balances with banks:		
On current account	77.45	94.29
On EEFC account	3.09	2.68
Deposits with original maturity of less than three months	-	28.37
Cheques on hand	19.55	3.87
Cash on hand	0.63	0.35
Total	**100.72**	**129.56**

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13. OTHER BANK BALANCES

	As at March 31, 2020	As at March 31, 2019
Bank balances		
Deposits with remaining maturity of less than twelve months	698.52	1,218.96
Unpaid dividend account	1.01	0.48
Total	**699.53**	**1,219.44**

Out of the total deposits, ₹ 1.02 (March 31, 2019: ₹ 0.97) are pledged against bank guarantees.

14. NON-CURRENT ASSET - INCOME TAX (NET)

	As at March 31, 2020	As at March 31, 2019
Advance tax (net of provision for tax)	167.92	45.54
Total	**167.92**	**45.54**

15. OTHERS ASSETS

	As at March 31, 2020	As at March 31, 2019
Current (unsecured, considered good)		
Prepaid expenses	20.89	16.47
Balances with government authorities	0.87	1.95
Advance to suppliers	0.52	25.78
Advance to employees	-	0.20
Other assets	1.85	0.34
Total current	**24.13**	**44.74**
Non - current (unsecured, considered good)		
Advance income tax (net of current tax liabilities)	-	-
Interest accrued on income tax refund	-	0.09
Prepaid expenses	5.32	0.03
Non - current (unsecured, considered doubtful)		
Capital advances	3.00	3.40
Less: provision for doubtful capital advances	(3.00)	(3.00)
Advance to suppliers	-	6.38
Less: provision for doubtful advances	-	(6.38)
Total non - current	**5.32**	**0.52**
Total current	**24.13**	**44.74**
Total non - current	**5.32**	**0.52**

16. EQUITY SHARE CAPITAL

	As at March 31, 2020	As at March 31, 2019
Authorized shares		
75,000,000 (March 31, 2019: 75,000,000) equity shares of ₹ 10 each	750.00	750.00
	750.00	**750.00**
Issued, subscribed and fully paid-up shares		
64,203,618 (March 31, 2019: 70,563,654) equity shares of ₹ 10 each	642.03	705.63
Total issued, subscribed and fully paid-up share capital	**642.03**	**705.63**

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16. EQUITY SHARE CAPITAL (CONTD.)

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

	As at March 31, 2020		As at March 31, 2019	
	No.	**₹**	**No.**	**₹**
At the beginning of the Year	7,05,63,654	705.63	7,03,88,183	703.88
Issued during the Year				
Add: Employee stock option plan (ESOP)	3,600	0.04	1,75,471	1.75
Less: Shares bought back	63,63,636	63.64	-	-
Outstanding at the end of the Year	**6,42,03,618**	**642.03**	**7,05,63,654**	**705.63**

(b) Terms / rights attached to equity shares

The Holding Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Holding 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, 2019, proposed a final dividend of ₹ 2.00 per equity share and the same was approved by the shareholders at the Annual General Meeting held on July 15, 2019. The amount was recognized as distributions to equity shareholders during the year ended March 31, 2020 and the total appropriation was ₹ 155.26 including dividend distribution tax.

The Board of Directors, in their meeting held on February 24, 2020, declared and paid an interim dividend of ₹ 4.00 per equity share. The amount was recognized as distributions to equity shareholders during the year ended March 31, 2020 and the total appropriation was ₹ 309.60 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) Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2020		As at March 31, 2019	
	Nos.	**% holding**	**Nos.**	**% holding**
Equity shares of ₹ 10 each fully paid-up				
Kailash Katkar	1,87,94,713	29.27%	2,05,11,384	29.07%
Sanjay Katkar	1,87,94,713	29.27%	2,05,11,384	29.07%
Anupama Katkar	45,85,176	7.14%	50,03,976	7.09%
Chhaya Katkar	45,85,176	7.14%	50,03,976	7.09%
Sequoia Capital India Investment Holdings III	32,56,661	5.07%	36,65,410	5.19%

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.

(e) Shares reserved for issue under option

For details of shares reserved for issue under ESOP of the Holding Company, please refer note 31

(f) Buyback of shares

The Board of Directors of the Group 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 Parent Company fully paid equity shares of the face value of ₹ 10 each from its shareholder/beneficial owners of equity shares of the Quick Heal Technologies Limited (Parent Company) including promoters and promoter group of the Parent Company as on the record date, on a proportionate basis through the "tender offer" route at a price of ₹ 275 per share for an aggregate amount not exceeding ₹ 1,750. The Holding Company completed the Buy Back Process in June 2019 and has complied with all the requisite formalities with SEBI and ROC

In accordance with section 69 of the Companies Act, 2013, during the six months ended September 30, 2019, the Group has created 'Capital Redemption Reserve' of ₹ 63.64 equal to the nominal value of the shares bought back as an appropriation from Securities Premium Account.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

17. OTHER EQUITY

	As at March 31, 2020	As at March 31, 2019
(a) Retained earnings		
Balance as at the beginning of the year	4,418.83	3,758.24
Add: Amount transferred from surplus balance in the statement of profit and loss	753.84	915.01
Less: Appropriations		
Final equity dividend [amount per share ₹ 2 (March 31, 2019: ₹ 3)]	128.40	211.39
Tax on final dividend	26.86	43.03
Interim equity dividend [amount per share ₹ 4 (March 31, 2019: ₹ Nil)]	256.81	-
Tax on interim dividend	52.79	-
Balance as at end of the year	**4,707.81**	**4,418.83**
(b) Securities premium		
Balance as at the beginning of the year	2,343.38	2,327.92
Add: Additions on ESOPs exercised	0.38	12.53
Add: Transferred from ESOP account	0.08	2.93
Less: Utilised for buy back	1,686.36	-
Less: Transferred to Capital redemption reserve	63.64	-
Balance as at end of the year	**593.84**	**2,343.38**
(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) Capital redemption reserve		
Balance as at the beginning of the year	-	-
Add: Amount transferred from securities premium	63.64	-
Balance as at end of the year	**63.64**	**-**
(f) Other reserve		
(i) Equity share option outstanding account		
Balance as at the beginning of the year	22.37	14.63
Add: Additions during the year	1.70	10.68
Less: Transfer to securities premium on exercise of stock options	0.08	2.93
Balance as at end of the year	**23.99**	**22.37**
(ii) FVTOCI reserve		
Balance as at the beginning of the year	(65.68)	(36.16)
Add: Additions during the year	-	(29.52)
Balance as at end of the year	**(65.68)**	**(65.68)**
(iii) Foreign currency translation reserve		
Balance as at the beginning of the year	(3.82)	(6.55)
Add: Additions during the year	2.16	2.73
Balance as at end of the year	**(1.66)**	**(3.82)**
Total (i+ii+iii)	**(43.35)**	**(47.13)**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts are in ₹ 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 ₹ 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. 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.

Capital redemption reserve account

In terms of section 69 of the Act, the Company shall transfer from its free reserves or Securities Premium reserve, a sum equal to nominal value of the equity shares bought back through the Buyback, to the Capital Redemption Reserve account. During the year the Holding Company had conducted the buyback of 6,363,636 Equity share as approved by Board of Directors on March 5, 2019. This had resulted in a total outflow of ₹ 1,750. In Line with the requirement of the Companies Act 2013, an amount of ₹ 1,686.36 has been utilised from securities premium reserve. Further capital redemtion reserve of amount ₹ 63.64 (Representing the nominal value of share bought back has been created as an apportionment from security premium reserve. Consequent to such buyback, share capital has reduced by ₹ 642.10.

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 31 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, 2020	Year ended March 31, 2019
Cash dividends on equity shares declared and paid:		
Final cash dividend for the year ended on March 31, 2019: ₹ 2 per share (March 31, 2018: ₹ 3 per share)	128.40	211.39
Dividend distribution tax on proposed dividend	26.86	43.03
Interim dividend for the year ended on March 31, 2020: ₹ 4 per share (March 31, 2019: ₹ Nil)	256.81	-
Dividend distribution tax on interim dividend	52.79	-
Proposed dividend on equity shares:		
Final cash dividend for the year ended on March 31, 2020: ₹ Nil per share (March 31, 2019: ₹ 2 per share)	-	141.13
Dividend distribution tax on proposed dividend	-	28.73

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

18. TRADE PAYABLES

	As at March 31, 2020	As at March 31, 2019
Total outstanding dues to micro enterprises and small enterprises	4.73	0.37
Total outstanding dues creditors other than micro enterprises and small enterprises	382.54	387.50
Total	**387.27**	**387.87**

19. OTHER CURRENT FINANCIAL LIABILITIES

	As at March 31, 2020	As at March 31, 2019
Other financial liabilities at amortised cost		
Payables for purchases of fixed assets	8.03	33.75
Unpaid dividend	1.01	0.48
Total	**9.04**	**34.23**

20. OTHER LIABILITIES

	As at March 31, 2020	As at March 31, 2019
Current		
Deferred revenue	23.13	21.60
Tax deducted at source payable	16.75	13.86
GST / Sales tax / VAT payable	35.01	87.19
Other liabilities (includes advances from customers, security deposit and provident fund and other taxes)	11.79	13.11
Total	**86.68**	**135.76**
Non - current		
Security deposit	19.63	19.53
Total	**19.63**	**19.53**
Total current	**86.68**	**135.76**
Total non - current	**19.63**	**19.53**

21. NET EMPLOYEE DEFINED BENEFIT LIABILITIES

	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Current		
Provision for gratuity	1.17	13.10
Provision for leave benefits	2.77	8.12
Total	**3.94**	**21.22**
Non - current		
Provision for gratuity	-	18.37
Provision for leave benefits	4.62	-
Total	**4.62**	**18.37**
Total current	**3.94**	**21.22**
Total non - current	**4.62**	**18.37**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

22. CURRENT INCOME TAX LIABILITIES

	As at March 31, 2020	As at March 31, 2019
Current tax liabilities (net of advance tax)	13.80	13.70
Total	**13.80**	**13.70**

23. REVENUE FROM OPERATIONS (NET)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Sale of security software products	2,851.42	3,117.22
Sale of software support services	9.96	32.04
Total	**2,861.38**	**3,149.26**

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, 2020	Year ended March 31, 2019
Revenue by Geography		
From India	2,772.58	3,110.77
From outside India	88.80	38.49
Total	**2,861.38**	**3,149.26**
Revenue by type of products and services sold		
Security software licenses	2,851.42	3,117.22
Software support	9.96	32.04
Total	**2,861.38**	**3,149.26**

Changes in deferred revenue are as follows:

	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	21.60	17.80
Less: Revenue recognized during the year	13.73	4.12
Add: Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	15.26	7.92
Balance at the end of the year	**23.13**	**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 year 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, 2020, is ₹ 23.13 (March 31, 2019 : ₹ 21.60). Out of this, the Group expects to recognize revenue of around ₹ 23.13 within one to three years respectively, depending on the license period.

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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

24. OTHER INCOME

	Year ended March 31, 2020	Year ended March 31, 2019
Interest income on		
Bank deposits	75.11	106.50
Income tax refund	-	-
Others	6.18	3.55
Dividend income on current investments	67.92	148.01
Net gain on sale of current investments	28.36	0.42
Profit on sale of fixed assets (net)	5.30	21.33
Foreign exchange gains (net)	1.21	1.47
Fair value gain on financial instruments at fair value through profit and loss *	66.28	16.53
Miscellaneous income	65.60	28.86
Total	**315.96**	**326.67**

* 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, 2020	Year ended March 31, 2019
(a) Cost of materials consumed		
Inventory at the beginning of the year	8.75	30.33
Add: Purchases	12.76	8.93
Less: Inventory at end of the year	13.35	8.75
Sub-total	**8.16**	**30.51**
(b) Purchase of security software products		
Security software products	95.94	115.89
Sub-total	**95.94**	**115.89**
(c) (Increase)/decrease in security software products		
Inventory at the beginning of the year	45.19	25.91
Less: Inventory at end of the year	49.05	45.19
Sub-total	**(3.86)**	**(19.28)**
Total	**100.24**	**127.12**

Details of raw materials consumed

	Year ended March 31, 2020	Year ended March 31, 2019
Security software devices - Unified Threat Management (UTM)	8.16	30.51
	8.16	**30.51**

Details of inventory

	As at March 31, 2020	As at March 31, 2019
Raw materials		
Security software devices - Unified Threat Management (UTM)	13.35	8.75
	13.35	**8.75**
Finished goods		
Security software products	49.05	45.19
	49.05	**45.19**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

26. EMPLOYEE BENEFITS EXPENSE

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	948.46	913.38
Contribution to provident and other funds	24.77	26.55
Gratuity expenses	17.71	15.70
Staff welfare expenses	21.55	22.20
Employee share based payment expenses (refer note 31)	1.70	10.68
Total	**1,014.19**	**988.51**

27. DEPRECIATION AND AMORTISATION EXPENSE

	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on property, plant and equipment (refer note 5)	166.63	179.22
Amortisation of intangible assets (refer note 6)	50.14	56.27
Total	**216.77**	**235.49**

28. OTHER EXPENSES

	Year ended March 31, 2020	Year ended March 31, 2019
Web publishing expenses	18.08	16.45
Technology subscription charges & fees for technical services	64.55	81.98
Power and fuel	35.31	38.73
Rent	15.66	14.93
Rates and taxes	8.89	12.88
Insurance	4.55	5.74
Repairs and maintenance		
Buildings	9.33	9.92
Others	17.48	20.26
Corporate Social Responsibility (CSR) expenditure	22.85	14.20
Commission to independent directors	1.95	2.70
Directors' sitting fees (Refer Note 35)	1.10	1.32
Business promotion expenses	171.67	76.25
Advertisement and sales promotion	142.41	219.34
Freight and forwarding charges	5.81	7.93
Travelling and conveyance	29.83	31.15
Communication costs	60.27	57.74
Office expenses	39.17	35.68
Donations	0.15	0.10
Legal and professional fees	97.83	56.81
Payment to statutory auditor (refer details below)	4.22	5.25
Property, plant and equipment written off	1.09	2.68
Provision for doubtful debts and advances	62.83	19.14
Bad debts written off	1.28	1.41
Miscellaneous expenses	16.72	22.03
Total	**833.03**	**754.62**

Payment to auditor (excluding Goods and service tax)

	Year ended March 31, 2020	Year ended March 31, 2019
As auditor:		
Audit fees	1.84	2.39
Limited review	2.25	2.40
In other capacity:		
Others (including certification fees)	0.10	0.35
Reimbursement of expenses	0.03	0.11
Total	**4.22**	**5.25**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

29. INCOME TAX

The major components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are:

Statement of profit and loss section

	March 31, 2020	March 31, 2019
Current income tax:		
Current income tax charge	211.44	447.25
Adjustment in respect of current tax of previous years	-	45.99
Deferred tax:		
Relating to origination and reversal of temporary differences	57.56	(41.29)
Income tax expense reported in the statement of profit and loss	**269.00**	**451.95**
OCI Section		
Deferred tax related to items recognised in OCI during the year		
Net loss/(gain) on actuarial gains and losses	3.27	(1.71)
Net loss/(gain) on FVTOCI investments	-	-
Income tax charged / (credited) to OCI	**3.27**	**(1.71)**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended

	March 31, 2020	March 31, 2019
Accounting profit before tax	1,013.11	1,370.19
At India's statutory income tax rate of 25.168% (March 31, 2019: 34.944%)	254.98	478.80
Adjustments of tax relating to earlier years (Current and deferred)	-	21.69
CSR expenditure	2.88	2.48
Dividend income	(17.09)	(51.72)
Other non-deductible expenses	-	(4.21)
Tax impact due to change in Tax Rate	25.09	-
Enterprises tax at foreign subsidiaries	0.99	0.89
Deferred tax asset on losses and unrealised profits not recognised	2.15	4.02
At the effective income tax rate of 25.168% [March 31, 2019: 34.944%]	**269.00**	**451.95**
Income tax expense reported in the statement of profit and loss	**269.00**	**451.95**

Deferred tax relates to the following:

	Balance sheet		Statement of profit and loss	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Accelerated depreciation for tax purposes	(46.49)	(44.21)	2.28	(15.88)
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	4.46	37.22	32.76	(19.82)
Provision for doubtful debts and advances	81.37	94.06	12.69	(6.84)
Deferred revenue	5.82	7.55	1.73	(1.40)
IPO Expenses allowed as per Section 35(D)	0.94	-	(0.94)	-
Investment in mutual fund	(13.97)	(4.93)	9.04	4.18
Investment in Smartalyse Technologies Private Limited	-	-	-	(1.54)
Deferred tax on gratuity expense, recycled from profit and loss to other comprehensive income	(6.27)	(3.00)	3.27	(1.71)
Net deferred tax expense / (income)	**25.86**	**86.69**	**60.83**	**(43.00)**
Net deferred tax assets / (liabilities)	**25.86**	**86.69**	**-**	**-**

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FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

29. INCOME TAX (CONTD.)

Reflected in the balance sheet as follows:

	March 31, 2020	March 31, 2019
Deferred tax liabilities	(66.73)	(52.14)
Deferred tax assets	92.59	138.83
Deferred tax assets, net	**25.86**	**86.69**

Reconciliation of deferred tax assets, net

	March 31, 2020	March 31, 2019
Opening balance as of April 1	86.69	43.70
Tax Income / (expense) during the year recognised in statement of profit and loss	(57.56)	41.29
Tax Income / (expense) during the year recognised in OCI	(3.27)	1.71
Closing balance	**25.86**	**86.69**

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, 2020	March 31, 2019
Temporary difference relating to investment in subsidiaries for which deferred tax asset have not been recognised:		
- Undistributed losses (Note 1 below)	156.16	137.69
Deferred tax asset relating to above	39.30	48.18
- Unrealised profits on inventory (Note 2 below)	4.22	7.39
Deferred tax asset relating to above	1.06	2.59
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	(1.66)	(3.82)
Deferred tax liability / (Asset) relating to above	(0.42)	(1.34)

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, 2020 and March 31, 2019, 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.

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

30. EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Holding 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 Holding 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, 2020	Year ended March 31, 2019
Net profit after tax attributable to equity shareholders of the Holding Company	(A)	744.11	918.24
Weighted average number of equity shares in calculating basic EPS	(B)	6,55,93,596	7,04,97,783
Effect of dilution:			
Stock options granted under ESOP (in numbers)	(C)	11,678	43,014
Weighted average number of equity shares adjusted for the effect of dilution*	D=(B+C)	6,56,05,274	7,05,40,797
Basic earning per share of face value of ₹ 10 each (in ₹)	**(A/B)**	**11.34**	**13.03**
Diluted earnings per share of face value of ₹ 10 each (in ₹)	**(A/D)**	**11.34**	**13.02**

* 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. 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 Group. 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 Group 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	₹ 37.50 - ₹ 115.24
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%

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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

31. SHARE BASED ARRANGEMENTS (CONTD.)

The details of activities under the scheme have been summarized below:

	Year ended March 31, 2020		Year ended March 31, 2019	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	4,440	37.50	1,00,661	55.96
Granted during the year	-	-	-	-
Forfeited during the year	4,440	37.50	1,125	110.00
Exercised during the year	-	-	95,096	56.33
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	-	4,440	37.50
Exercisable at the end of the year	-	-	-	45.98

The details of exercise price for stock options outstanding at the end of the year are:

	As at March 31, 2020	As at March 31, 2019
Exercise price	37.50 – 110.00	37.50 – 110.00
Number of options outstanding (numbers)	-	4,440
Weighted average remaining contractual life of options (in years)	-	1.46
Weighted average exercise price	-	37.50

The weighted average share price at the date of exercise of these options, as at March 31, 2020 was ₹ NIL

The weighted average share price at the date of exercise of these options, as at March 31, 2019 was ₹ 273.86

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 Group. 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 Group 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 V	3.64 – 6.50
Grant VI	3.50 – 6.50
Grant VII	3.50 – 6.51
Grant VIII	3.50 – 6.51
Grant IX	3.50 – 6.51
Grant X	3.64 – 6.64
Grant XI	3.50 – 6.51
Grant XII	3.50 - 6.76
Grant XIII	3.50 – 6.51
Grant XIV	3.50 – 6.51
Grant XV	3.50 – 6.51
Grant XVI	3.50 – 6.51
Grant XVII	3.50 – 6.50
Fair value of shares on date of grant	₹ 115.24 - ₹ 294.33
Vesting conditions	Continued employment and performance of employee as per contract

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FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

31. 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, 2020		Year ended March 31, 2019	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	7,11,227	215.99	3,96,365	175.95
Granted during the year	1,19,600	147.81	4,77,300	226.00
Forfeited during the year	2,79,100	210.69	80,563	184.84
Exercised during the year	2,100	113.57	81,875	111.14
Expired during the year	-	-	-	-
Outstanding at the end of the year	5,49,627	203.51	7,11,227	215.99
Exercisable at the end of the year	2,23,527	201.02	6,17,925	111.10

The details of exercise price for stock options outstanding at the end of the year are:

	As at March 31, 2020	As at March 31, 2019
Exercise price (₹)	110.00 – 294.33	110.00 – 294.33
Number of options outstanding	5,49,627	7,11,227
Weighted average remaining contractual life of options (in years)	4.51	4.33
Weighted average exercise price (₹)	203.51	215.99

The weighted average share price at the date of exercise of these options, as at March 31, 2020 was ₹ 203.51

The weighted average share price at the date of exercise of these options, as at March 31, 2019 was ₹ 211.55

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 ₹ 147.81 (March 31, 2019: ₹ 66.61). The Black and Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	As at March 31, 2020	As at March 31, 2019
Weighted average share price (₹)	147.81	226.00
Exercise price (₹)	123.60	179.70
Expected volatility (%)	27%	27%
Historical volatility (%)	0%	0%
Life of the options granted (vesting and exercise period) (in years)	3.76 – 6.51 years	3.50 - 6.51 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, 2020	Year ended March 31, 2019
Expense arising from equity settled share based payment transaction	1.70	10.68

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32. COMMITMENTS AND CONTINGENCIES

a. Operating lease - Group as a lessee

The Group has obtained office premises under lease as per the lease agreements for various periods which are generally cancellable and renewable by mutual consent on mutually agreed terms. Further, there are no restrictions imposed by lease agreements and there are no subleases

The Group has elected not to apply the requirement of Ind AS 116 for short term leases or leases for which the underlying asset is of low value, the lease payments associated with these leases are expensed as per the terms of lease agreement.

Effective April 01, 2019, the Group adopted IND AS 116 "Leases" under the modified retrospective approach without restatement of comparatives and accordingly disclosure is given only for the year ended March 31, 2020

The lease rentals charged during the year is as under:

	Year ended March 31, 2020
Lease rentals recognised during the year	15.66
Short term leases expenses	15.66
Low value lease expenses	-
Expenses relating to variable lease payments not included in the measurement of lease liabilities	-
Total Lease Expense	**15.66**

Finance lease - Group 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.

b. Commitments

	As at March 31, 2020	As at March 31, 2019
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided, net of advances	-	4.00
Other commitments:		
Commitments in relation to purchases	7.31	7.82

c. Contingent liabilities

	As at March 31, 2020	As at March 31, 2019
Claims against the Group not acknowledged as debts		
Service tax [Note (i)]	-	1,610.50
Total	**-**	**1,610.50**

i) During the previous year ended March 31, 2019, The Parent Company had received notice of demand dated March 13, 2019, in relation to service tax under the provisions of Finance Act, 1994 for ₹ 387.43 (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 Parent Company replied to the notice of demand to Commissioner of Goods and Service Tax, Pune.

During the earlier years, The Parent Company have received similar notice of demands in relation to service tax under the provisions of Finance Act, 1994 for ₹ 1,223.07 (excluding penalty of ₹ 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 Parent Company had filed an appeal with Customs, Excise and Service Tax Appellate Tribunal, New Delhi for the period March 1, 2011 to March 31, 2014 and with the Customs, Excise and Service Tax Appellate Tribunal, Mumbai for the period April 1, 2014 to March 31, 2016.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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32. COMMITMENTS AND CONTINGENCIES (CONTD.)

The Hon'ble Customs, Excise & Service Tax Appellate Tribunal (CESTAT), Principal Bench, New Delhi, vide its judgment (Order No. 50022/2020) dated January 09, 2020 (Service Tax Appeal No. 51175 of 2016), has set aside the Service Tax demand for ₹ 560.71 along with interest and penalty which was earlier confirmed by Directorate General of Central Excise Intelligence (DGCEI), New Delhi vide its Order of 2016 covering period from 2011 to 2014.

Based on this latest judgement of CESTAT, New Delhi , technical circular issued by government authorities and an independent legal opinion obtained by the Parent Company in earlier years, the Parent Company is confident of also getting the claims set aside for balance period from April 01, 2014 to June 30, 2017. Accordingly no provision has been recognized/disclosed in the financial statements.

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 Parent Company has made a provision on a prospective basis from the date of the SC order. The Parent Company will update its provision, on receiving further clarity on the subject.

d. Other litigations

i) In the year 2016, one of the erstwhile distributors 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 in June 2016 and was subsequently restored and fresh summon was received by the Company in November, 2018. The Company has contested the Suit stating the allegations made in the suit to be false, concocted and has sought its rejection which is pending for adjudication/disposal. The Trade Mark is registered in name of the Company and thus, the Company believes that it has sufficient grounds to counter the litigation and has strong arguments on facts as well as on point of law.

ii) In February 2016, one of the erstwhile distributors instituted a suit at Hon'ble High Court, Calcutta against the Company and others claiming ₹ 16,100 for various reasons including loss of business profits, loss of capital assets & infrastructure etc. Later, this matter was transferred to the Commercial Bench of the Hon'ble High Court in November, 2017. The matter is pending for framing and adjudication of Preliminary issue in this matter in terms of the order passed by the Hon'ble High Court. 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 rejection/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 vendors 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 charge sheet. 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 neither 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.

33. UTILIZATION OF MONEY RAISED THROUGH PUBLIC ISSUE

During the year ended March 31, 2016, the Group has raised ₹ 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, 2020 and March 31, 2019 against the following objects of the Offer is as follows:

	Fund allocated to the activities as per prospectus	Actual utilization up to March 31, 2020	Unutilised money as on March 31, 2020	Actual utilization up to March 31, 2019	Unutilised money as on March 31, 2019
Advertising and sales promotion	1,110.00	641.50	468.50	496.52	613.48
Capital expenditure on research and development	418.80	418.47	0.33	391.69	27.11
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	534.31	3.45	285.64	252.12
Total	**2,342.51**	**1,783.00**	**559.51**	**1,362.57**	**979.94**

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

34. DETAILS OF INVESTMENTS MADE FROM UNUTILIZED PORTION OF PUBLIC ISSUE RAISED DURING THE YEAR ENDED

	As at March 31, 2020	As at March 31, 2019
Investments in fixed deposits of banks	572.50	993.00
Balance in current accounts	0.86	0.79
Total *	**573.36**	**993.79**

As per the objects of the offer stated in the prospectus the Total Net Proceeds received by Group 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 Group.

Based on the above, the Board of Directors of Group 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, 2020: ₹ 13.85 (March 31, 2019: ₹ 13.85) spent by the Group from bank accounts other than the IPO account.

35. 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 (upto October 11, 2019)
	Nitin Kulkarni, Chief Financial Officer (w.e.f. May 10, 2018)
	Srinivasa Rao Anasingaraju, Company Secretary (w.e.f. May 10, 2019)
	Raghav Mulay, Company Secretary (upto January 16, 2019)
	Mehul Savla, Independent Director
	Apurva Joshi, Independent Director
	Pradeep Bhide, Independent Director (upto April 01, 2019)
	Priti Rao, Independent Director (w.e.f. April 10, 2018)
	Sunil Sethy, Independent Directors (upto April 24, 2018)
	Shailesh Lakhani, Non-Executive Director
	Manu Parpia, Independent Director (upto May 11, 2019)
	Amitabha Mukhopadhyay , Independent Director (w.e.f June 10, 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
	Dreambook Production (OPC) Private Limited

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FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

35. RELATED PARTY TRANSACTION (CONTD.)

Transactions with related parties and year end balances:

Nature of transaction	Name of the related party	Year ended March 31, 2020	Year ended March 31, 2019
Compensation paid to Key Management Personnel	Kailash Katkar	13.29	13.60
	Sanjay Katkar	13.13	13.69
	Vijay Mhaskar	6.92	11.18
	Nitin Kulkarni	5.70	4.67
	Srinivasa Rao Anasingaraju	3.27	-
	Anupama Katkar	4.41	4.06
	Raghav Mulay	-	0.85
	Sneha Katkar	0.95	0.65
	Ken Amedo	-	5.72
Sub-total		**47.67**	**54.42**
Directors' sitting fee	Amitabha Mukhopadhyay	0.28	-
	Apurva Joshi	0.32	0.30
	Pradeep Bhide	-	0.25
	Mehul Savla	0.22	0.20
	Manu Parpia	-	0.23
	Priti Rao	0.28	0.28
	Abhijit Jorvekar	-	0.06
Sub-total		**1.10**	**1.32**
Commission to independent directors	Amitabha Mukhopadhyay	0.60	-
	Apurva Joshi	0.45	0.54
	Mehul Savla	0.45	0.54
	Manu Parpia	-	0.54
	Pradeep Bhide	-	0.54
	Priti Rao	0.45	0.54
Sub-total		**1.95**	**2.70**
Total		**50.72**	**58.44**

Compensation of key managerial personal of the Group

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Short-term employee benefits (compensation)	47.67	54.42
Post - employment gratuity benefits	4.18	4.28
Leave benefits	0.04	0.20
Share-based payment transactions	-	-
Total compensation to key management personnel	**51.89**	**58.90**

* 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, 2020 Number outstanding	March 31, 2019 Number outstanding
February 6, 2014	-	96.25	-	-
September 6, 2014	-	110.00	-	-
September 24, 2015	-	115.00	-	-
November 11, 2016	-	237.40	62,500	62,500
October 10, 2018	-	185.60	25,000	-

* 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.

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35. RELATED PARTY TRANSACTION (CONTD.)

Nature of transaction	Name of the related party	Year ended March 31, 2020	Year ended March 31, 2019
Rent paid	Kailash Katkar	1.02	0.96
	Kailash Sahebrao Katkar HUF	-	0.80
	Sanjay Sahebrao Katkar HUF	1.20	1.09
		2.22	**2.85**
CSR contribution	Quick Heal Foundation	22.85	14.20
Sub-total		**22.85**	**14.20**
Final equity dividend declared and paid for the financial year ended March 31, 2020 and March 31, 2019	Kailash Katkar	37.59	61.53
	Sanjay Katkar	37.59	61.53
	Anupama Katkar	9.17	15.01
	Chhaya Katkar	9.17	15.01
	Rajesh Ghonasgi	-	0.31
	Manu Parpia	-	0.11
	Abhijit Jorvekar	-	0.00
		93.52	**153.50**
Interim equity dividend declared and paid for the financial year ended March 31, 2020	Kailash Katkar	75.18	-
	Sanjay Katkar	75.18	-
	Anupama Katkar	18.34	-
	Chhaya Katkar	18.34	-
		187.04	**-**

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. The Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019: ₹ 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, 2020	As at March 31, 2019
Commission payable to independent directors	Amitabha Mukhopadhyay	0.60	-
	Apurva Joshi	0.45	0.54
	Mehul Savla	0.45	0.54
	Manu Parpia	-	0.54
	Pradeep Bhide	-	0.54
	Priti Rao	0.45	0.54
		1.95	**2.70**

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36. 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, 2020	Year ended March 31, 2019
From India	2,810.09	3,110.77
From foreign countries	51.29	38.49
Total	**2,861.38**	**3,149.26**

Total assets

	As at March 31, 2020	As at March 31, 2019
From India	6,882.18	8,446.55
From foreign countries	83.48	81.71
Total	**6,965.66**	**8,528.26**

Income received from customers located outside India is included in the revenue from foreign countries.

There is no customer who is accounting for more than 10% of the total revenue of the Group.

37. GROUP INFORMATION

List of subsidiaries which are included in the consolidation and the Holding Company's effective holdings therein are as under:

Name of the subsidiary	Country of incorporation / Principle place of business	Financial year ends on	Parent Company's ultimate holding as at	
			March 31, 2020	March 31, 2019
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
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Disclosure of additional information pertaining to Holding Company and subsidiaries after elimination:

Share in net assets:

Name of the Company	As at March 31, 2020		As at March 31, 2019	
	As a % of consolidated net assets	Net assets Amount	As a % of consolidated net assets	Net assets Amount
Holding Company:				
Quick Heal Technologies Limited	99.21%	6,389.53	99.25%	7,838.49
Foreign subsidiaries:				
Quick Heal Technologies America Inc.	-0.09%	(5.51)	-0.02%	(1.31)
Quick Heal Technologies Japan K. K.	0.14%	9.23	0.30%	23.54
Quick Heal Technologies Africa Limited	0.68%	43.62	0.44%	34.56
Seqrite Technologies DMCC	0.06%	3.81	0.03%	2.31
Total	**100.00%**	**6,440.68**	**100.00%**	**7,897.59**

Share in profit and loss:

	Year ended March 31, 2020		Year ended March 31, 2019	
	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	101.71%	756.87	101.57%	932.64
Foreign subsidiaries:				
Quick Heal Technologies America Inc.	-0.09%	(0.63)	-0.06%	(0.54)
Quick Heal Technologies Japan K. K.	-2.88%	(21.40)	-1.53%	(14.04)
Quick Heal Technologies Africa Limited	1.01%	7.55	0.11%	0.97
Seqrite Technologies DMCC	0.23%	1.74	-0.09%	(0.81)
Total	**100.00%**	**744.12**	**100.00%**	**918.23**

38. FAIR VALUES

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments as of :

	Carrying value		Fair value	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Financial assets				
Investments at amortised cost	58.38	58.38	58.38	58.38
Investments at FVTPL	3,018.36	3,840.02	3,018.36	3,840.02
Investments at FVTOCI	21.80	-	21.80	-
Loans and security deposits	11.55	10.84	11.55	10.84
Trade and other receivables	1,131.62	1,250.52	1,131.62	1,250.52
Cash and cash equivalents	100.72	129.56	100.72	129.56
Other bank balances	699.53	1,219.44	699.53	1,219.44
Other financial assets	19.17	34.63	19.17	34.63
Total	**5,061.13**	**6,543.39**	**5,061.13**	**6,543.39**
Financial liabilities				
Trade and other payables	387.27	387.87	387.27	387.87
Other financial liabilities	9.04	34.23	9.04	34.23
Total	**396.31**	**422.10**	**396.31**	**422.10**

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38. FAIR VALUES (CONTD.)

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 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, 2020 and March 31, 2019 are as shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Unquoted equity shares in L7 Defence Limited	Discounted cash flow method	Weighted average cost of equity	March 31, 2020: 31.00% to 33.00%	1% increase in the WACC would decrease the fair value by ₹ 23.95 and 1% decrease would increase the fair value by ₹ 27.75.
		Long-term growth rate for cash flows	March 31, 2020: 1% to 3%	1% increase in the growth would decrease the fair value by ₹ 60.94 and 1% decrease would decrease the fair value by ₹ 59.68.
		Long-term operating margin	March 31, 2020: 19.56% to 49.56%	5% increase in the margin would increase the fair value by ₹ 411.21 and 5% decrease would decrease the fair value by ₹ 411.21.
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 ₹ 3.80 and 1% decrease would increase the fair value by ₹ 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 ₹ 1.87 and 1% decrease would decrease the fair value by ₹ 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 ₹ 23 and 15% decrease would decrease the fair value by ₹ 23.

Reconciliation of fair value measurement of financial assets classified as FVTOCI:

	Unquoted Equity Shares
As at April 1, 2018	**29.52**
Remeasurement recognised in OCI	(29.52)
Purchases	-
Sales	-
As at March 31, 2019	**-**
Remeasurement recognised in OCI	-
Purchases	21.80
Sales	-
As at March 31, 2020	**21.80**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

39. FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Group'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, 2020 and March 31, 2019

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 Compulsory Convertible Preference Share in L7 defence limited					
As at March, 31, 2020	March 31, 2020	21.80	-	-	21.80
As at March 31, 2019	March 31, 2019	-	-	-	-
Financial assets measured at fair value through profit and loss					
Mutual fund investments					
Fair value through profit or loss investments					
As at March 31, 2020	March 31, 2020	3,018.36	3,018.36	-	-
As at March 31, 2019	March 31, 2019	3,840.02	3,840.02	-	-

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

40. 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:

(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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)
(All amounts are in ₹ Millions, unless otherwise stated)

40. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

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 Group had no outstanding bank borrowings as of March 31, 2020 and March 31, 2019. The working capital as at March 31, 2020 was ₹ 4,285.89 (March 31, 2019: ₹ 5,745.27) including cash and cash equivalents

As at March 31, 2020 and March 31, 2019, the outstanding employee obligations were ₹ 8.56 and ₹ 39.59 respectively which have been substantially funded. Accordingly, no significant liquidity risk is perceived.

The table below summarises the maturity profile of the Group'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, 2020					
Trade payables	-	75.44	13.35	-	88.79
Other payables	-	255.69	47.04	-	302.73
Any other financial liabilities	-	7.89	1.15	-	9.04
Total	**-**	**339.02**	**61.54**	**-**	**400.56**
As at March 31, 2019					
Trade payables	-	98.21	31.70	-	129.91
Other payables	-	257.90	0.06	-	257.96
Any other financial liabilities	-	25.76	8.47	-	34.23
Total	**-**	**381.87**	**40.23**	**-**	**422.10**

Financial risk management

Capital management

For the purpose of the Group's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Parent Company. The primary objective of the Group'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 Group 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, 2020 is ₹ 6,440.68 (March 31, 2019: ₹ 7,897.59).

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

41. ESTIMATED UNCERTAINTY RELATING TO COVID-19 OUTBREAK

The World Health Organization announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic on March 11, 2020. In response, the Indian government have taken various actions and ensured many precautionary measures which posed significant disruption to business operations and adversely impacting most of the industries which has resulted in global slowdown.

The full extent and duration of the impact of COVID-19 on the Group's operations and financial performance is currently unknown, and depends on future developments that are uncertain and unpredictable, including the duration and spread of the pandemic and any new information that may emerge concerning the severity of the virus, its spread to other regions and the actions to contain the virus or treat its impact, among others.

Any of these outcomes could have a material adverse impact on Group's business, financial condition, results of operations and cash flows.

Management believes that considering the Groups's historical profitability performance and its business model, it has adequate liquidity and business plans to continue to operate the business and mitigate the risks associated with COVID-19 for the next 12 months from the date of this Financial Statements. The Group has also ensured that majority of its key development and other critical resources are working from home and providing the required support to business and ensuring that there is least disturbance. The short term disturbance in the supply chain is having impact on the business however the same is expected to gradually recover once the operations resume.

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

As per our report of even date
For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration Number: 105047W

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

Nitin Manohar Jumani
Partner
Membership Number: 111700
Place: Pune
Date: May 21, 2020

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191
Place: Pune
Date: May 21, 2020

Sanjay Katkar
Joint Managing Director
& Chief Technical Officer
DIN: 00397277
Place: Pune
Date: May 21, 2020

Nitin Kulkarni
Chief Financial Officer
Place: Pune
Date: May 21, 2020

Srinivasa Rao Anasingaraju
Company Secretary
Regs. No. FCS-9901
Place: Pune
Date: May 21, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Quick Heal Technologies Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Quick Heal Technologies Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of Profit and Loss, statement of changes in equity and statement of Cash Flows for the year then ended, and notes to the standalone 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 financial statements give the information required by the Companies Act, 2013("the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) 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 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 (ICAI) together with the ethical requirements that are relevant to our audit of the standalone 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 opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sr. No.	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	**Revenue Recognition** Refer the disclosures related to Revenue recognition in Note 23 to the accompanying Financial Statements. Revenue is recognized in accordance with Ind AS 115, Revenue from the sale of security software products and devices is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods. We determined this matter to be a key audit issue as 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)	Our audit procedures in respect of this area include but are not limited to: 1. Obtained and read contract with customers and confirmed our understanding of the Company's sales process, including design and implementation of controls and tested the operating effectiveness of these controls. 2. Read and understood the Company's accounting policy for revenue recognition. 3. Confirmed our understanding of the nature of security software products sold by the Company. 4. 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. 5. 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

INDEPENDENT AUDITOR'S REPORT (Contd.)

Sr. No.	Key Audit Matter	How the Key Audit Matter was addressed in our audit
2	**Provision for credit loss for accounts receivables** Refer Note 11 of Financial statement. Trade receivables as on March 31, 2020 amounts to ₹ 1,455.55 million against which provision of ₹ 323.29 million was made towards expected credit loss in the books of account. We have identified provisioning for credit loss as a key audit matter as the calculation of credit loss provision is a complex area and requires management to make significant assumptions on customer payment behaviour and estimating the level and timing of expected future cash flows.	We evaluated the judgement and estimation used by management in recognising the expected credit loss provision. Our procedures included, but were not limited to the following: 1. Obtained understating of the Company's policy on assessment of impairment of trade receivables, including design and implementation of controls, validation of management review controls. We have tested the operating effectiveness of these controls. 2. Requested for and obtained independent balance confirmations from the Company's customers on sample basis. 3. Tested subsequent receipts after the year-end to on sample basis. 4. Tested ageing of trade receivables for a sample of customer transactions. 5. Obtained management comments and recovery plans for trade receivables outstanding for more than 180 days 6. Assessed the trade receivables impairment methodology applied in the current year and compared the Company's provisioning rates against historical collection data.
3	**Provision for Impairment of Investment in subsidiaries** Refer Note 7 of Financial statement. Investment in subsidiaries as on March 31, 2020 amounts to ₹ 288.79 million against which provision of ₹ 188.15 million was made towards impairment in the books of account. We have considered this as a key audit matter due to the fact that 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.	We evaluated the judgement and estimation used by management in recognising the impairment provision in case of investment in shares. Our procedures included, but were not limited to the following: 1. 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. 2. Tested the operating effectiveness of the controls. 3. Obtained and read the valuation report provided by the Company's independent valuation experts, and assessed the expert's competence, capability and objectivity 4. Evaluated management's methodology, assumptions and estimates used in the calculations 5. Tested completeness, arithmetical accuracy and validity of the data used in the calculations

INDEPENDENT AUDITOR'S REPORT (Contd.)

Sr. No.	Key Audit Matter	How the Key Audit Matter was addressed in our audit
4	**Assessment of COVID-19 Impact** The World Health Organization announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic on March 11, 2020. On March 24, 2020, the Indian government announced a strict 21-day lockdown across the country to contain the spread of the virus, which has been further extended till May 31, 2020. This pandemic and response are creating disruption in global supply chain and adversely impacting most of the industries which has resulted in global slowdown. The management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2020 and has concluded that no there is no impact which is required to be recognised in the financial statements. The full extent and duration of the impact of COVID-19 is currently unknown and the provision made by the Company based on its estimates involves a significant amount of judgement including the duration and spread of the pandemic and any new information that may emerge concerning the severity of the virus, its spread to other regions and the actions to contain the virus or treat its impact, among others. Hence, we have ascertained the assessment of the impact of COVID-19 as a Key Audit Matter.	Our audit procedures in respect of this area include but are not limited to: 1. Testing the design and operating effectiveness of key controls (including application controls) over revenue recognition and provisions relating to expenses and impairment. 2. Testing of Application controls include testing of automated controls, reports and system reconciliations. 3. Selecting samples based on quantitative and qualitative risk factors 4. Testing the selected samples for cut off over revenue recognition 5. Testing the selected sample to assess its correct classification and provision amount as per extant policy. 6. Verified the management evaluation over assessment of Going Concern assumption and Impairment provisions.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report including Annexures to the Director's Report in the Annual Report of the Company but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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 Charged with Governance for the Standalone 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 financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. 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 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT (Contd.)

In preparing the standalone financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Standalone Financial Statements.

Other Matter

(a) The standalone Ind AS financial statements of the Company for the year ended March 31, 2019, were audited by another auditor whose report dated May 10, 2019 expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of these matters.

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 "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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.

   (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".

   (g) 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, 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 financial statements – Refer Note 33(c) &(d) to the standalone 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

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

Nitin Manohar Jumani
Partner
Membership No. 111700
UDIN: 20111700AAAAAZ7236

Place: Pune
Date: May 21, 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF QUICK HEAL TECHNOLOGIES LIMITED

Auditor's Responsibilities for the Audit of the 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 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 internal financial controls with reference to financial statements 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 financial statements, including the disclosures, and whether the 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 financial statements of the current period 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.

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

Nitin Manohar Jumani
Partner
Membership No. 111700
UDIN: 20111700AAAAAZ7236

Place: Pune
Date: May 21, 2020

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF QUICK HEAL TECHNOLOGIES LIMITED FOR THE YEAR ENDED MARCH 31,2020

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant and Equipment).

(b) All the fixed assets (Property, Plant and Equipment) 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 to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on verification between the physical stock and the book records.

iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions stated in paragraph 3 (iii) (a) to (c) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.

vi. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant as specified by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us , in our opinion, undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a 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, service tax, sales-tax, duty of custom, duty of excise, value added tax, 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) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, goods and service tax, customs duty, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount ₹ (in Millions)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
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 Commissionerate	
The Finance Act, 1994	Service tax on supply on licenses to end customer **	15.68	FY 2017-18	Central excise and GST Pune Commissionerate	

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF QUICK HEAL TECHNOLOGIES LIMITED FOR THE YEAR ENDED MARCH 31,2020 (CONTD.)

Name of the statute	Nature of dues	Amount ₹ (in Millions)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income Tax Act,1961	Tax on account of disallowance of expenses on 14A and disallowance of Depreciation	7.00*	FY 2013-14	Commissioner of Income Tax (Appeals)	
Income Tax Act,1961	Tax on account of disallowance of expenses on 14A	1.75*	FY 2015-16	Commissioner of Income Tax (Appeals)	
Income Tax Act,1961	Tax on account of disallowance of expenses on 14A and disallowances of Expenses	6.17*	FY 2016-17	Commissioner of Income Tax (Appeals)	
Kerala Value Added Tax	Charges of suppressing the Turnover of the consignment which was an intercompany transfer.	0.31	FY 2016-17	Assistant Commissioner (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 does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.

ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions stated in paragraph 3 (ix) of the Order are not applicable to the Company.

x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi) of the Order are not applicable to the Company.

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

Nitin Manohar Jumani
Partner
Membership No. 111700
UDIN: 20111700AAAAAZ7236

Place: Pune
Date: May 21, 2020

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF QUICK HEAL TECHNOLOGIES LIMITED

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

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 with reference to standalone financial statements of Quick Heal Technologies Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone 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 with reference to standalone financial statements 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 (ICAI) (the "Guidance Note"). 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 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 internal financial controls with reference to standalone 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 internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone 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 standalone 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 Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls With Reference to Standalone Financial Statements

A Company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF QUICK HEAL TECHNOLOGIES LIMITED (CONTD.)

Inherent Limitations of Internal Financial Controls With Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone 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, internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

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

Nitin Manohar Jumani
Partner
Membership No. 111700
UDIN: 20111700AAAAAZ7236

Place: Pune
Date: May 21, 2020

STANDALONE BALANCE SHEET

AS AT MARCH 31, 2020

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

	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	5	1,484.82	1,569.69
(b) Capital work-in-progress		34.00	106.33
(c) Intangible assets	6	99.61	76.86
(d) Investments in subsidiaries	7	100.64	110.30
(e) Financial assets			
(i) Investments	7	353.32	296.23
(ii) Loans and security deposits	8	3.81	3.75
(iii) Other financial assets	9	3.91	4.04
(f) Deferred tax assets (net)	29	25.86	86.69
(g) Income tax assets (net)	14	167.92	45.54
(h) Other non-current assets	15	5.32	0.52
		2,279.21	**2,299.95**
Current assets			
(a) Inventories	10	62.19	41.41
(b) Financial assets			
(i) Investments	7	2,745.22	3,602.17
(ii) Trade receivables	11	1,132.26	1,248.55
(iii) Cash and cash equivalents	12	35.57	79.63
(iv) Bank balances other than (iii) above	13	699.53	1,219.44
(v) Loans and security deposits	8	7.08	6.43
(vi) Interest accrued	9	15.30	30.60
(c) Other current assets	15	23.42	43.34
		4,720.57	**6,271.57**
Total Assets		**6,999.78**	**8,571.52**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	16	642.03	705.63
(b) Share application money pending allotment	17	-	0.17
(c) Other equity	17		
(i) Retained earnings		4,747.59	4,466.33
(ii) Securities premium		593.84	2,343.38
(iii) Amalgamation reserve		26.45	26.45
(iv) General reserve		450.26	450.26
(v) Capital redemption reserve		63.64	-
(vi) Other reserves		(41.68)	(43.30)
Total equity		**6,482.13**	**7,948.92**
Liabilities			
Non-current liabilities			
(a) Net employee defined benefit liabilities	21	4.62	18.37
(b) Other non-current liabilities	20	19.63	19.53
		24.25	**37.90**
Current liabilities			
(a) Financial liabilities			
(i) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	18	4.73	0.37
(b) Total outstanding dues creditors other than micro enterprises and small enterprises	18	378.87	384.46
(ii) Other financial liabilities	19	9.04	34.23
(b) Other current liabilities	20	83.79	131.49
(c) Net employee defined benefit liabilities	21	3.94	21.12
(d) Income tax liabilities (net)	22	13.03	13.03
		493.40	**584.70**
Total liabilities		**517.65**	**622.60**
Total equity and liabilities		**6,999.78**	**8,571.52**
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 **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration Number: 105047W

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

Nitin Manohar Jumani
Partner
Membership Number: 111700
Place: Pune
Date: May 21, 2020

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191
Place: Pune
Date: May 21, 2020

Sanjay Katkar
Joint Managing Director
& Chief Technical Officer
DIN: 00397277
Place: Pune
Date: May 21, 2020

Nitin Kulkarni
Chief Financial Officer
Place: Pune
Date: May 21, 2020

Srinivasa Rao Anasingaraju
Company Secretary
Regs. No. FCS-9901
Place: Pune
Date: May 21, 2020

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2020

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

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
INCOME			
Revenue from operations	23	2,834.04	3,129.03
Other income	24	313.41	325.00
Total income		**3,147.45**	**3,454.03**
EXPENSES			
Cost of materials consumed	25 (a)	8.16	29.51
Purchase of security software products	25 (b)	95.94	114.26
(Increase) / decrease in security software products	25 (c)	(16.18)	(14.84)
Employee benefits expense	26	999.90	971.38
Depreciation and amortisation expense	27	216.64	235.27
Other expenses	28	815.42	734.58
Total expenses		**2,119.88**	**2,070.16**
Profit before exceptional items and tax		**1,027.57**	**1,383.87**
Exceptional items [Refer note 40 (c)]		23.17	93.17
Profit before tax		**1,004.40**	**1,290.70**
TAX EXPENSE			
Current tax	29		
Pertaining to profit for the current year		210.45	446.36
Adjustments of tax relating to earlier periods (Net)		-	45.99
Deferred tax		57.56	(41.29)
Total tax expense		**268.01**	**451.06**
Profit for the year		**736.39**	**839.64**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement of defined benefit plans		13.00	(4.94)
Income tax effect		(3.27)	1.71
		9.73	(3.23)
Net (loss) or gain on FVTOCI assets		-	(29.52)
Income tax effect		-	-
		-	(29.52)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		**9.73**	**(32.75)**
Total comprehensive income for the year		**746.12**	**806.89**
Earnings per equity share [nominal value per share ₹ 10 (March 31, 2019: ₹ 10)]	30		
Basic		11.23	11.91
Diluted		11.22	11.90
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 **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration Number: 105047W

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

Nitin Manohar Jumani
Partner
Membership Number: 111700
Place: Pune
Date: May 21, 2020

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191
Place: Pune
Date: May 21, 2020

Sanjay Katkar
Joint Managing Director
& Chief Technical Officer
DIN: 00397277
Place: Pune
Date: May 21, 2020

Nitin Kulkarni
Chief Financial Officer
Place: Pune
Date: May 21, 2020

Srinivasa Rao Anasingaraju
Company Secretary
Regs. No. FCS-9901
Place: Pune
Date: May 21, 2020

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020

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

	March 31, 2020	March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	1,004.40	1,290.70
Adjustment to reconcile profit before tax to net cash flows:		
Exceptional items	23.17	93.17
Net (gain) / loss foreign exchange differences	(0.28)	(1.34)
Employee share based payments expense	1.70	10.68
Depreciation and amortization expense	216.64	235.27
Interest income	(81.28)	(110.05)
Provision for doubtful debts and advances	63.50	17.16
Bad debts / property, plant and equipment written off	1.64	3.14
Profit on sale of property, plant and equipment	(5.29)	(21.28)
Dividend income	(67.92)	(148.01)
Net gain on sale of investment	(28.36)	(0.42)
Net (gain) / loss on FVTPL current investment	(66.28)	(16.53)
Operating profit before working capital changes	**1,061.64**	**1,352.49**
Movements in working capital:		
(Increase)/decrease in trade receivables	52.52	(238.06)
(Increase)/decrease in inventories	(20.78)	5.74
(Increase)/decrease in loans	(0.71)	1.13
(Increase)/decrease in other financial assets	0.13	(1.12)
(Increase)/decrease in other assets	14.63	(19.73)
Increase/(decrease) in net employee defined benefit liabilities	(17.93)	0.41
Increase/(decrease) in trade payables	(1.23)	62.12
Increase/(decrease) in other financial liabilities	-	(3.62)
Increase/(decrease) in other current liabilities	(47.60)	19.78
Cash generated from operations	**1,040.67**	**1,179.14**
Direct taxes paid (net of refunds)	(332.83)	(553.04)
Net cash flow from operating activities (A)	**707.84**	**626.10**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress and capital advances)	(113.92)	(112.27)
Proceeds from sale of property, plant and equipment	10.61	32.99
Investments in subsidiaries	(13.51)	(18.97)
Investments in non-current investments (other)	(34.34)	(136.19)
Purchase of current investments	(6,621.26)	(6,735.48)
Sale of current investments	7,550.10	6,025.49
(Increase)/decrease in bank balances other than cash and cash equivalents	519.91	287.80
Interest received	96.67	118.45
Dividends received	67.92	148.01
Net cash (used in) investing activities (B)	**1,462.18**	**(390.17)**

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020 (CONTD.)

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

		March 31, 2020	March 31, 2019
C. CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid on equity shares		(384.68)	(211.19)
Tax on equity dividend paid		(79.65)	(43.03)
Proceeds from issuance of equity shares (including securities premium)		0.25	14.28
Payout for buyback of shares		(1,750.00)	-
Share application money pending allotment		-	0.17
Net cash flow (used in) financing activities (C)		**(2,214.08)**	**(239.77)**
Net (decrease) in cash and cash equivalents (A+B+C)		**(44.06)**	**(3.84)**
Cash and cash equivalents at the beginning of the year		79.63	83.47
Cash and cash equivalents at the end of the year		**35.57**	**79.63**
Components of cash and cash equivalents			
Cash on hand		0.63	0.34
Balances with banks			
On current account		12.30	44.37
On EEFC account		3.09	2.68
Deposits with original maturity of less than three months		-	28.37
Cheques on hand		19.55	3.87
Total cash and cash equivalents (refer note 12)		**35.57**	**79.63**
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 **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration Number: 105047W

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

Nitin Manohar Jumani
Partner
Membership Number: 111700

Place: Pune
Date: May 21, 2020

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191

Place: Pune
Date: May 21, 2020

Sanjay Katkar
Joint Managing Director
& Chief Technical Officer
DIN: 00397277

Place: Pune
Date: May 21, 2020

Nitin Kulkarni
Chief Financial Officer

Place: Pune
Date: May 21, 2020

Srinivasa Rao Anasingaraju
Company Secretary

Regs. No. FCS-9901

Place: Pune
Date: May 21, 2020

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2020

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

A. Equity share capital

Equity shares of ₹ 10 each issued, subscribed and fully paid-up	No.	Amount
As at April 1, 2018	**7,03,88,183**	**703.88**
- Employee stock option plan (ESOP)	1,75,471	1.75
As at March 31, 2019	**7,05,63,654**	**705.63**
- Employee stock option plan (ESOP) (refer note 16)	3,600	0.04
- Buy Back	(63,63,636)	(63.64)
As at March 31, 2020	**6,42,03,618**	**642.03**

B. Share application money pending allotment

	As at March 31, 2020	As at March 31, 2019
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	Capital redemption reserve	Retained earnings	Equity instruments through Other comprehensive income	Total
Balance as at April 1, 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**
Profit for the year	-	-	-	-	-	736.39	-	736.39
Other comprehensive income	-	-	-	-	-	9.73	-	9.73
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**746.12**	**-**	**746.12**
Expenses pertaining to share-based payments	-	1.70	-	-	-	-	-	1.70
Exercise of share options	0.46	(0.08)	-	-	-	-	-	0.38
Utilised for buy back	(1,686.36)	-	-	-	-	-	-	(1,686.36)
Transferred to Capital redemption reserve	(63.64)	-	-	-	63.64	-	-	-
Appropriations:								
Final equity dividend	-	-	-	-	-	(128.40)	-	(128.40)
Tax on final dividend	-	-	-	-	-	(26.86)	-	(26.86)
Interim equity dividend	-	-	-	-	-	(256.81)	-	(256.81)
Tax on interim dividend	-	-	-	-	-	(52.79)	-	(52.79)
Balance as at March 31, 2020	**593.84**	**24.00**	**26.45**	**450.26**	**63.64**	**4,747.59**	**(65.68)**	**5,840.10**

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

As per our report of even date
For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration Number: 105047W

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

Nitin Manohar Jumani
Partner
Membership Number: 111700
Place: Pune
Date: May 21, 2020

Kailash Katkar
Managing Director
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DIN: 00397277
Place: Pune
Date: May 21, 2020

Nitin Kulkarni
Chief Financial Officer
Place: Pune
Date: May 21, 2020

Srinivasa Rao Anasingaraju
Company Secretary
Regs. No. FCS-9901
Place: Pune
Date: May 21, 2020

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(All amounts are in ₹ 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, 2020 were authorised for issue in accordance with a resolution of the Board of Directors on May 21, 2020.

2. BASIS OF PREPARATION

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 read with Indian Accounting Standards Rules, 2015, as amended and other relevant provisions of the Act.

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 ₹ millions; except when otherwise indicated.

Items	Measurement basis
Certain non-derivative financial instruments	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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

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).

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 41 and 42)
- Financial instruments risk management objectives and policies (refer note 43)

d) Revenue recognition

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.

Goods and Services Tax (GST) and other applicable taxes 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

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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 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 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.

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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 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.

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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.

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

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

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

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

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

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

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

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

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

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

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

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

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.
- 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

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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, 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

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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.

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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.

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.

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Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company 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 '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

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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
- 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.

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 Judgement is required for identifying separate performance obligation, 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). The Company considered each promise in a contract with customer to transfer a goods or service that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer to identify separate performance obligation, transaction price is allocated to each performance obligation that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer and point of transfer of control in goods or service to determine whether the performance obligation is satisfied over time or at a point in time.

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
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(All amounts are in ₹ Millions, unless otherwise stated)

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 41 for further disclosures.

4 (a) Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards.

There is no such notification which would have been applicable from April 1, 2020.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

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, 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**
Transfer	-	-	-	(1.77)	1.77	-	-	-	-
Additions	-	-	-	79.37	2.24	3.80	-	1.22	86.63
Disposals/written-offs	-	-	5.96	2.14	9.38	-	0.32	5.39	23.19
At March 31, 2020	**26.63**	**21.32**	**1,603.78**	**472.19**	**175.96**	**99.79**	**229.37**	**10.91**	**2,639.95**
Depreciation (Gross) (refer note 3)									
At April 1, 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**
Transfer	-	-	-	(0.91)	0.91	-	-	-	-
Depreciation charge for the year	-	0.67	63.30	64.72	9.54	8.06	17.05	3.16	166.50
Disposals/written-offs	-	-	2.41	2.00	8.69	-	0.26	4.83	18.19
At March 31, 2020	**-**	**7.70**	**370.33**	**357.83**	**160.33**	**75.19**	**180.19**	**3.56**	**1,155.13**
Net block									
At March 31, 2019	**26.63**	**14.29**	**1,300.30**	**100.71**	**22.76**	**28.86**	**66.29**	**9.85**	**1,569.69**
At March 31, 2020	**26.63**	**13.62**	**1,233.45**	**114.36**	**15.63**	**24.60**	**49.18**	**7.35**	**1,484.82**

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 ₹ 228.19.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

6. INTANGIBLE ASSETS

	Software	Total
Cost (Gross) (refer note 1)		
At April 1, 2018	457.70	457.70
Purchase	14.78	14.78
Disposals	-	-
At March 31, 2019	**472.48**	**472.48**
Purchase	73.21	73.21
Disposals	75.81	75.81
At March 31, 2020	**469.88**	**469.88**
Amortisation (Gross) (refer note 1)		
At April 1, 2018	339.39	339.39
Amortisation for the year	56.23	56.23
Disposals	-	-
At March 31, 2019	**395.62**	**395.62**
Amortisation for the year	50.14	50.14
Disposals	75.49	75.49
At March 31, 2020	**370.27**	**370.27**
Net block		
At March 31, 2019	**76.86**	**76.86**
At March 31, 2020	**99.61**	**99.61**

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 ₹ 174.39.

7. INVESTMENTS IN SUBSIDIARIES AND OTHERS

	As at March 31, 2020	As at March 31, 2019
Non - current investments		
Investment in equity shares (unquoted) (at cost)		
Investment in wholly owned subsidiaries		
5,000 (March 31, 2019: 4,600) equity shares of JPY 50,000 each fully paid-up in Quick Heal Technologies Japan K.K., Japan	152.73	139.22
Less: Impairment of investment in Quick Heal Technologies Japan K.K., Japan	(152.73)	(129.56)
	-	**9.66**
788,000 (March 31, 2019: 788,000) equity shares of USD 1 each fully paid-up in Quick Heal Technologies America Inc., USA	53.64	53.64
Less: Impairment of investment in Quick Heal Technologies America Inc., USA	(10.49)	(10.49)
	43.15	**43.15**
11,367,500 (March 31, 2019: 11,367,500) equity shares of KSH 10 each fully paid-up in Quick Heal Technologies Africa Limited, Kenya	76.80	76.80
Less: Impairment of investment in Quick Heal Technologies Africa Limited, Kenya	(24.93)	(24.93)
	51.87	**51.87**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

7. INVESTMENTS IN SUBSIDIARIES AND OTHERS (CONTD.)

	As at March 31, 2020	As at March 31, 2019
300 (March 31, 2019: 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)	**100.64**	**110.30**
Investment carried at amortised cost		
Investment in tax free bonds		
7.35% Indian Railway Finance Corporation Limited Bonds	33.54	33.54
7.39% National Highway Authority of India Bonds	24.84	24.84
	58.38	**58.38**
Investments at fair value through profit and loss		
Investments in mutual funds (quoted)		
Investments in mutual funds	273.14	237.85
	273.14	**237.85**
Investments at fair value through OCI		
Investment in other equity shares (unquoted)		
4,472 (March 31, 2019: 4,472) equity shares of ₹ 10 each fully paid-up in Smartalyse Technologies Private Limited	66.65	66.65
Less: Fair value changes routed through OCI	(66.65)	(66.65)
15,927 (March 31, 2019: Nil) equity shares of USD 18.84 each fully paid-up in L7 Defense Limited	21.80	-
	21.80	**-**
Sub total - Investments	**353.32**	**296.23**
Total non - current investments	**453.96**	**406.53**
Current investments		
Investments at fair value through profit and loss		
Investments in mutual funds (quoted)		
Investments in mutual funds	2,745.22	3,602.17
Total current investments	**2,745.22**	**3,602.17**
Total non-current investments	**453.96**	**406.53**
Total current investments	**2,745.22**	**3,602.17**
Aggregate book value of quoted investments	3,018.36	3,840.02
Aggregate market value of quoted investments	3,018.36	3,840.02
Aggregate value of unquoted investments	180.82	168.68
Aggregate amount of impairment in value of investments	254.80	231.63
Investments carried at cost	100.64	110.30
Investments carried at amortised cost	58.38	58.38
Investments carried at fair value through profit or loss	3,018.36	3,840.02
Investments carried at fair value through other comprehensive income	21.80	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

8. LOANS AND SECURITY DEPOSITS

	As at March 31, 2020	As at March 31, 2019
Loans and security deposits (unsecured, considered good) (at amortised cost)		
Current		
Security deposits	7.08	6.43
Total current	**7.08**	**6.43**
Loans and security deposits (unsecured, considered good) (at amortised cost)		
Non - current		
Security deposits	3.81	3.75
Total non - current	**3.81**	**3.75**

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.

9. OTHER FINANCIAL ASSETS

	As at March 31, 2020	As at March 31, 2019
Current		
Interest accrued		
on bank balance	15.26	30.60
Advance to subsidiaries (refer note 39 and 40)	0.04	-
Total current	**15.30**	**30.60**
Non - current		
Bank balances		
Deposits with remaining maturity of more than twelve months	3.91	4.04
Total non - current	**3.91**	**4.04**
Other financial assets carried at amortised cost	19.21	34.64
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, ₹ 3.91 (March 31, 2019: ₹ 4.04) are pledged against bank guarantees.

10. INVENTORIES

	As at March 31, 2020	As at March 31, 2019
At lower of cost and net realisable value		
Raw materials - Security software devices (Unified Threat Management)	13.35	8.75
Finished goods - Security softwares	48.84	32.66
Total	**62.19**	**41.41**

11. TRADE RECEIVABLES

	As at March 31, 2020	As at March 31, 2019
Trade receivables	1,119.55	1,241.25
Trade receivable from related parties (refer note 39)	12.71	7.30
Total	**1,132.26**	**1,248.55**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

Break-up for security details:

	As at March 31, 2020	As at March 31, 2019
Trade receivables		
Considered good - Secured	-	-
Considered good - Unsecured	1,132.26	1,230.12
Receivable which have significant increase in credit risk	-	19.69
Receivables - credit impaired	323.29	258.54
TOTAL	**1,455.55**	**1,508.35**
Impairment allowed (allowed for bad and doubtful debts)		
Considered good - Unsecured	-	-
Receivable which have significant increase in credit risk*	-	(1.26)
Receivables - credit impaired	(323.29)	(258.54)
	(323.29)	**(259.80)**
Total	**1,132.26**	**1,248.55**

* The management has evaluated credit impairment allowance base 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 39.

12. CASH AND CASH EQUIVALENTS

	As at March 31, 2020	As at March 31, 2019
Balances with banks:		
On current account	12.30	44.37
On EEFC account	3.09	2.68
Deposits with original maturity of less than three months	-	28.37
Cheques on hand	19.55	3.87
Cash on hand	0.63	0.34
Total	**35.57**	**79.63**

13. OTHER BANK BALANCES

	As at March 31, 2020	As at March 31, 2019
Bank balances		
Deposits with remaining maturity of less than twelve months	698.52	1,218.96
Unpaid dividend account	1.01	0.48
Total	**699.53**	**1,219.44**

Out of the total deposits, ₹ 1.02 (March 31, 2019: ₹ 0.97) are pledged against bank guarantees.

14. NON-CURRENT INCOME TAX ASSETS (NET)

	As at March 31, 2020	As at March 31, 2019
Advance tax (net of provision for tax)	167.92	45.54
Total	**167.92**	**45.54**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

15. OTHERS ASSETS

	As at March 31, 2020	As at March 31, 2019
Current (unsecured, considered good)		
Prepaid expenses	20.26	16.06
Balances with government authorities	0.87	1.23
Advance to suppliers	0.52	25.78
Advance to employees	-	0.20
Other assets	1.77	0.07
Total current	**23.42**	**43.34**
Non - current (unsecured, considered good)		
Interest accrued on income tax refund	-	0.09
Prepaid expenses	5.32	0.03
Non - current (unsecured, considered doubtful)		
Capital advances	3.00	3.40
Less: provision for doubtful capital advances	(3.00)	(3.00)
Advance to suppliers	-	6.38
Less: provision for doubtful advances	-	(6.38)
Total non - current	**5.32**	**0.52**
Total current	**23.42**	**43.34**
Total non - current	**5.32**	**0.52**

16. EQUITY SHARE CAPITAL

	As at March 31, 2020	As at March 31, 2019
Authorized shares		
75,000,000 (March 31, 2019: 75,000,000) equity shares of ₹ 10 each	750.00	750.00
	750.00	**750.00**
Issued, subscribed and fully paid-up shares		
64,203,618 (March 31, 2019: 70,563,654) equity shares of ₹ 10 each	642.03	705.63
Total issued, subscribed and fully paid-up share capital	**642.03**	**705.63**

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

	As at March 31, 2020		As at March 31, 2019	
	No.	₹	No.	₹
At the beginning of the year	7,05,63,654	705.63	7,03,88,183	703.88
Issued during the year				
Add: Employee stock option plan (ESOP)	3,600	0.04	1,75,471	1.75
Less: Shares bought back	63,63,636	63.64	-	-
Outstanding at the end of the year	**6,42,03,618**	**642.03**	**7,05,63,654**	**705.63**

(b) Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
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The Board of Directors, in their meeting on May 10, 2019, proposed a final dividend of ₹ 2.00 per equity share and the same was approved by the shareholders at the Annual General Meeting held on July 15, 2019. The amount was recognized as distributions to equity shareholders during the year ended March 31, 2020 and the total appropriation was ₹ 155.26 including dividend distribution tax.

The Board of Directors, in their meeting held on February 24, 2020, declared and paid an interim dividend of ₹ 4.00 per equity share. The amount was recognized as distributions to equity shareholders during the year ended March 31, 2020 and the total appropriation was ₹ 309.60 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) Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2020		As at March 31, 2019	
	Nos.	% holding	Nos.	% holding
Equity shares of ₹ 10 each fully paid-up				
Kailash Katkar	1,87,94,713	29.27%	2,05,11,384	29.07%
Sanjay Katkar	1,87,94,713	29.27%	2,05,11,384	29.07%
Anupama Katkar	45,85,176	7.14%	50,03,976	7.09%
Chhaya Katkar	45,85,176	7.14%	50,03,976	7.09%
Sequoia Capital India Investment Holdings III	32,56,661	5.07%	36,65,410	5.19%

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.

(e) Shares reserved for issue under option

For details of shares reserved for issue under ESOP of the Company, please refer note 32.

(f) 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 fully paid equity shares of the face value of ₹ 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 ₹ 275 per share for an aggregate amount not exceeding ₹ 1,750 million. The Company completed the Buy Back Process in June 2019 and has complied with all the requisite formalities with SEBI and ROC.

In accordance with section 69 of the Companies Act, 2013, during the three months ended June 30, 2019, the Company has created 'Capital Redemption Reserve' of ₹ 63.64 million equal to the nominal value of the shares bought back as an appropriation from Securities Premium Account.

17. OTHER EQUITY

	As at March 31, 2020	As at March 31, 2019
(a) Retained earnings		
Balance as at the beginning of the year	4,466.33	3,884.34
Add: Amount transferred from surplus balance in the statement of profit and loss	746.12	836.41
Less: Appropriations		
Final equity dividend [amount per share ₹ 2 (March 31, 2019: ₹ 3)]	128.40	211.39
Tax on final dividend	26.86	43.03
Interim equity dividend [amount per share ₹ 4 (March 31, 2019: ₹ Nil)]	256.81	-
Tax on interim dividend	52.79	-
Balance as at end of the year	**4,747.59**	**4,466.33**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

	As at March 31, 2020	As at March 31, 2019
(b) Securities premium		
Balance as at the beginning of the year	2,343.38	2,327.92
Add: Additions on ESOPs exercised	0.38	12.53
Add: Transferred from ESOP account	0.08	2.93
Less: Utilised for buy back	1,686.36	-
Less: Transferred to Capital redemption reserve	63.64	-
Balance as at end of the year	**593.84**	**2,343.38**
(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) Capital redemption reserve		
Balance as at the beginning of the year	-	-
Add: Amount transferred from securities premium	63.64	-
Balance as at end of the year	**63.64**	**-**
(f) Other reserve		
(i) Equity share option outstanding account		
Balance as at the beginning of the year	22.38	14.63
Add: Additions during the year	1.70	10.68
Less: Transfer to securities premium on exercise of stock options	(0.08)	(2.93)
Balance as at end of the year	**24.00**	**22.38**
(ii) Equity instruments through Other comprehensive income		
Balance as at the beginning of the year	(65.68)	(36.16)
Add: Additions during the year	-	(29.52)
Balance as at end of the year	**(65.68)**	**(65.68)**
Total (i+ii)	**(41.68)**	**(43.30)**

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 ₹ 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. 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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

Capital redemption reserve account

In terms of section 69 of the Act, the Company shall transfer from its free reserves or Securities Premium reserve, a sum equal to nominal value of the equity shares bought back through the Buyback, to the Capital Redemption Reserve account. During the year the Company had conducted the buyback of 6,363,636 Equity share as approved by Board of Directors on March 5, 2019. This had resulted in a total outflow of ₹ 1,750. In Line with the requirement of the Companies Act 2013, an amount of ₹ 1,686.36 has been utilised from securities premium reserve. Further capital redemtion reserve of amount ₹ 63.64 (Representing the nominal value of share bought back has been created as an apportionment from security premium reserve. Consequent to such buyback, share capital has reduced to ₹ 642.10.

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, 2020	Year ended March 31, 2019
Cash dividends on equity shares declared and paid:		
Final cash dividend for the year ended on March 31, 2019: ₹ 2 per share (March 31, 2018: ₹ 3 per share)	128.40	211.39
Dividend distribution tax on proposed dividend	26.86	43.03
Interim dividend for the year ended on March 31, 2020: ₹ 4 per share (March 31, 2019: ₹ Nil)	256.81	-
Dividend distribution tax on interim dividend	52.79	-
Proposed dividend on equity shares:		
Final cash dividend for the year ended on March 31, 2020 : ₹ Nil per share (March 31, 2019: ₹ 2 per share)	-	141.13
Dividend distribution tax on proposed dividend	-	28.73

18. TRADE PAYABLES

	As at March 31, 2020	As at March 31, 2019
Total outstanding dues to micro enterprises and small enterprises (refer note 34)	4.73	0.37
Total outstanding dues creditors other than micro enterprises and small enterprises*	378.87	384.46
Total	**383.60**	**384.83**

* Includes amount payable to independent directors (refer note 39)

19. OTHER CURRENT FINANCIAL LIABILITIES

	As at March 31, 2020	As at March 31, 2019
Other financial liabilities at amortised cost		
Payables for purchases of fixed assets	8.03	33.75
Unpaid dividend	1.01	0.48
Total	**9.04**	**34.23**
Total current	**9.04**	**34.23**

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

20. OTHER LIABILITIES

	As at March 31, 2020	As at March 31, 2019
Current		
Deferred revenue (refer note 23)	23.13	21.60
Tax deducted at source payable	16.07	13.84
GST / Vat payable	34.62	87.05
Other liabilities (includes advances from customers, security deposit and provident fund and other taxes)	9.97	9.00
Total	**83.79**	**131.49**
Non - current		
Security deposit	19.63	19.53
Total	**19.63**	**19.53**
Total current	**83.79**	**131.49**
Total non - current	**19.63**	**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, 2020	As at March 31, 2019
Provision for employee benefits		
Current		
Provision for gratuity (refer note 31)	1.17	13.00
Provision for leave benefits	2.77	8.12
Total	**3.94**	**21.12**
Non - current		
Provision for gratuity (refer note 31)	-	18.37
Provision for leave benefits	4.62	-
Total	**4.62**	**18.37**
Total current	**3.94**	**21.12**
Total non - current	**4.62**	**18.37**

22. CURRENT INCOME TAX LIABILITIES

	As at March 31, 2020	As at March 31, 2019
Current tax liabilities (net of advance tax)	13.03	13.03
Total	**13.03**	**13.03**

23. REVENUE FROM OPERATIONS (NET)

	Year ended March 31, 2020	Year ended March 31, 2019
Sale of security software products	2,824.08	3,096.99
Sale of software support & services	9.96	32.04
Total	**2,834.04**	**3,129.03**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
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(All amounts are in ₹ Millions, unless otherwise stated)

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, 2020	Year ended March 31, 2019
Revenue by Geography		
From India	2,745.23	3,040.89
From outside India	88.81	88.14
Total	**2,834.04**	**3,129.03**
Revenue by type of products and services sold		
Security software licenses	2,824.08	3,096.99
Software support & services	9.96	32.04
Total	**2,834.04**	**3,129.03**

Changes in deferred revenue are as follows:

	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	21.60	17.80
Less: Revenue recognized during the year	13.73	4.12
Add: Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	15.26	7.92
Balance at the end of the year	**23.13**	**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, 2020, is ₹ 23.13 (March 31, 2019 : ₹ 21.60). Out of this, the Company expects to recognize revenue of around ₹ 23.13 within one to three years respectively, depending on the license period.

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.

24. OTHER INCOME

	Year ended March 31, 2020	Year ended March 31, 2019
Interest income on		
Bank deposits	75.11	106.50
Others	6.17	3.55
Dividend income on current investments	67.92	148.01
Net gain on sale of current investments	28.36	0.42
Profit on sale of fixed assets (net)	5.29	21.28
Foreign exchange gains (net)	0.28	1.34
Fair value gain on financial instruments at fair value through profit and loss *	66.28	16.53
Miscellaneous income	64.00	27.37
Total	**313.41**	**325.00**

* Fair value gain on financial instruments at fair value through profit and loss relates to mutual fund.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

25. DETAILS RELATED TO COST OF SECURITY SOFTWARE DEVICES AND SOFTWARE PRODUCTS

	Year ended March 31, 2020	Year ended March 31, 2019
(a) Cost of materials consumed		
Inventory at the beginning of the year	8.75	29.33
Add: Purchases	12.76	8.93
Less: Inventory at end of the year	13.35	8.75
Sub-total	**8.16**	**29.51**
(b) Purchase of security software products		
Security software products	95.94	114.26
Sub-total	**95.94**	**114.26**
(c) (Increase)/decrease in security software products		
Inventory at the beginning of the year	32.66	17.82
Less: Inventory at end of the year	48.84	32.66
Sub-total	**(16.18)**	**(14.84)**
Total	**87.92**	**128.93**

Details of raw materials consumed

	Year ended March 31, 2020	Year ended March 31, 2019
Security software devices - Unified Threat Management (UTM)	8.16	29.51
	8.16	**29.51**

Details of inventory

	As at March 31, 2020	As at March 31, 2019
Raw materials		
Security software devices - Unified Threat Management (UTM)	13.35	8.75
	13.35	**8.75**
Finished goods		
Security software products	48.84	32.66
	48.84	**32.66**

26. EMPLOYEE BENEFITS EXPENSE

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	935.64	898.49
Contribution to provident and other funds	23.52	24.52
Gratuity expenses (refer note 31)	17.52	15.60
Staff welfare expenses	21.52	22.09
Employee share based payment expenses (refer note 32)	1.70	10.68
Total	**999.90**	**971.38**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

27. DEPRECIATION AND AMORTISATION EXPENSE

	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on property, plant and equipment (refer note 5)	166.50	179.04
Amortisation of intangible assets (refer note 6)	50.14	56.23
Total	**216.64**	**235.27**

28. OTHER EXPENSES

	Year ended March 31, 2020	Year ended March 31, 2019
Web publishing expenses	18.08	16.45
Technology subscription & Fees for technical service	64.55	81.98
Power and fuel	35.12	38.51
Rent (refer note 33 (a))	13.57	12.48
Rates and taxes	8.82	12.74
Insurance	4.53	5.71
Repairs and maintenance		
Buildings	9.33	9.92
Others	17.45	20.26
Corporate Social Responsibility (CSR) expenditure (refer note 37)	22.85	14.20
Commission to independent directors (refer note 39)	1.95	2.70
Directors' sitting fees (refer note 39)	1.10	1.32
Business promotion expenses	169.97	74.41
Advertisement and sales promotion	142.41	219.26
Freight and forwarding charges	5.75	7.85
Travelling and conveyance	29.34	30.13
Communication costs	59.98	57.37
Office expenses	39.17	35.67
Donations	0.15	0.10
Legal and professional fees	88.49	49.68
Payment to statutory auditor (refer details below)	3.23	3.96
Property, plant and equipment written off	1.09	2.04
Provision for doubtful debts and advances	63.50	17.16
Bad debts written off	0.55	1.10
Miscellaneous expenses	14.44	19.58
Total	**815.42**	**734.58**

Payment to auditor (excluding Goods and service tax)

	Year ended March 31, 2020	Year ended March 31, 2019
As auditor:		
Audit fees	0.85	1.10
Limited review	2.25	2.40
In other capacity:		
Others (including certification fees)	0.10	0.35
Reimbursement of expenses	0.03	0.11
Total	**3.23**	**3.96**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

29. INCOME TAX

The major components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are:

Statement of profit and loss section

	March 31, 2020	March 31, 2019
Current income tax:		
Current income tax charge	210.45	446.36
Adjustment in respect of current tax of previous years	-	45.99
Deferred tax:		
Relating to origination and reversal of temporary differences	57.56	(41.29)
Income tax expense reported in the statement of profit and loss	**268.01**	**451.06**
OCI Section		
Deferred tax related to items recognised in OCI during the year		
Net loss/(gain) on actuarial gains and losses	3.27	(1.71)
Net loss/(gain) on FVTOCI investments	-	-
Income tax charged /(credit) to OCI	**3.27**	**(1.71)**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended

	March 31, 2020	March 31, 2019
Accounting profit before tax	1,004.40	1,290.70
At India's statutory income tax rate of 25.168% (March 31, 2019: 34.944%)	252.79	451.02
Adjustments of tax relating to earlier periods (Current and deferred)	-	21.69
CSR expenditure	2.88	2.48
Dividend income	(17.09)	(51.72)
Tax impact on impairment of subsidiaries	5.83	31.80
Tax impact due to tax rate	25.09	-
Other	(1.49)	(4.21)
***At the effective income tax rate of 25.168% [March 31, 2019: 32.594%]**	**268.01**	**451.06**
(Calculated on PBT after exceptional items)		
Income tax expense reported in the statement of profit and loss	**268.01**	**451.06**

Deferred tax relates to the following:

	Balance sheet		Statement of profit and loss	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Accelerated depreciation for tax purposes	(46.49)	(44.21)	2.28	(15.88)
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	4.46	37.22	32.76	(19.82)
Provision for doubtful debts and advances	81.37	94.06	12.69	(6.84)
Deferred revenue	5.82	7.55	1.73	(1.40)
IPO expenses allowed as per section 35(D)	0.94	-	(0.94)	-
Investment in mutual fund	(13.97)	(4.93)	9.04	2.64
Deferred tax on gratuity expense, recycled from profit and loss to other comprehensive income	(6.27)	(3.00)	3.27	(1.71)
Net deferred tax expense / (income)	**25.86**	**86.69**	**60.83**	**(43.00)**
Net deferred tax assets / (liabilities)	**25.86**	**86.69**	**-**	**-**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

Reflected in the balance sheet as follows:

	March 31, 2020	March 31, 2019
Deferred tax liabilities	(66.73)	(52.14)
Deferred tax assets	92.59	138.83
Deferred tax assets, net	**25.86**	**86.69**

Reconciliation of deferred tax assets, net

	March 31, 2020	March 31, 2019
Opening balance as of April 1	86.69	43.70
Tax income / (expenses) during the period recognised in statement of profit and loss	(57.56)	41.29
Tax income / (expense) during the period recognised in OCI	(3.27)	1.71
Closing balance	**25.86**	**86.69**

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, 2020	Year ended March 31, 2019
Net profit after tax attributable to equity shareholders of the Company	(A)	736.39	839.64
Weighted average number of equity shares in calculating basic EPS	(B)	6,55,93,596	7,04,97,783
Effect of dilution:			
Stock options granted under ESOP (in numbers)	(C)	11,678	43,014
Weighted average number of equity shares adjusted for the effect of dilution*	D=(B+C)	6,56,05,274	7,05,40,797
Basic earning per share of face value of ₹ 10 each (in ₹)	**(A/B)**	11.23	11.91
Diluted earnings per share of face value of ₹ 10 each (in ₹)	**(A/D)**	**11.22**	**11.90**

* 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.

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(All amounts are in ₹ 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, 2020	Year ended March 31, 2019
Statement of profit and loss:		
Current service cost	16.57	14.21
Past service cost	-	-
Net interest (income) / expense	0.95	1.39
Curtailment gain / (loss)	-	-
Settlement gain / (loss)	-	-
Net benefit expense recognised in the statement of profit and loss	**17.52**	**15.60**
Amount recorded in other comprehensive income:		
Measurement during the period due to:		
Actuarial gain / (loss) arising from change in financial assumptions on plan assets	(0.20)	0.13
Actuarial gain / (loss) arising on account of experience changes on plan assets	0.13	0.28
Actuarial gain / (loss) arising on account of experience changes on plan liabilities	13.11	(4.23)
Actuarial gain / (loss) arising on account of demographic changes on plan liabilities	1.74	0.71
Actuarial gain / (loss) arising on account of financial assumptions on plan liabilities	(1.78)	(1.83)
Total amount recognised in OCI	**13.00**	**(4.94)**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
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(All amounts are in ₹ Millions, unless otherwise stated)

31. GRATUITY BENEFIT PLANS (CONTD.)

	As at March 31, 2020	As at March 31, 2019
Reconciliation of net (liability) / asset:		
Opening net defined benefit (liability) / asset	(31.37)	(27.54)
Expense charged to statement of profit and loss	(17.52)	(15.60)
Amount recognised in OCI	13.00	(4.94)
Contribution by employer	35.62	17.55
Mortality charges and taxes	(0.90)	(0.84)
Closing net defined benefit (liability)	**(1.17)**	**(31.37)**
Changes in the present value of the defined benefit obligation (DBO) are as follows:		
Opening DBO	(68.64)	(57.49)
Interest cost	(4.39)	(3.80)
Current service cost	(16.57)	(14.21)
Past service cost	-	-
Benefits paid	11.91	12.21
Remeasurement during the period due to:		
Actuarial gain / (loss) arising on account of experience changes on plan liabilities	13.11	(4.23)
Actuarial (loss) / gain arising from change in demographic assumptions	1.74	0.71
Actuarial gain / (loss) arising on account of experience changes	(1.78)	(1.83)
Benefits paid	-	-
Closing defined benefit (obligation) / asset recognised in balance sheet	**(64.62)**	**(68.64)**

	As at March 31, 2020	As at March 31, 2019
Changes in the fair value of plan assets:		
Opening fair value of plan assets	37.27	29.94
Interest income	3.44	2.41
Contributions by employer	35.62	17.56
Mortality charges and taxes	(0.90)	(0.84)
Benefits paid	(11.91)	(12.21)
Actuarial gain / (loss) arising from change in financial assumptions on plan assets	(0.20)	0.13
Actuarial gain / (loss) arising on account of experience changes on plan assets	0.13	0.28
Closing fair value of plan assets	**63.45**	**37.27**
Actual return on plan assets	**3.38**	**2.83**
Net defined benefit liability		
DBO	(64.62)	(68.64)
Fair value of plan assets	63.45	37.27
Closing net defined benefit liability	**(1.17)**	**(31.37)**
Net liability is bifurcated as follows:		
Current*	**(1.17)**	**(13.00)**
Non - current	**-**	**(18.37)**

* The Company expects to contribute ₹ 10.00 (March 31, 2019: ₹ 13.00) to gratuity in the next year.

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31. GRATUITY BENEFIT PLANS (CONTD.)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2020	As at March 31, 2019
(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, 2020	As at March 31, 2019
Discount rate	5.50%	7.00%
Employee turnover	30.00%	22.00%
Expected rate of increment in compensation levels		
- First two years	8.00%	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.

A quantitative sensitivity analysis for significant assumptions as at March 31, 2020 and March 31, 2019 is shown below:

	Sensitivity Level	Defined benefit obligation	
		As at March 31, 2020	As at March 31, 2019
Discount rate	1% decrease	66.86	71.63
	1% increase	62.55	65.90
Future salary increase	1% decrease	63.26	66.72
	1% increase	66.06	70.67
Withdrawal rate	1% decrease	64.92	68.71
	1% increase	64.36	68.58

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, 2020	As at March 31, 2019
Within the next 12 months (next annual reporting period)	15.73	10.91
Between 2 and 5 years	49.01	49.15
Beyond 5 years	39.77	63.90
Total expected payments	**104.51**	**123.96**

Weighted average duration of defined benefit plan obligation (based on discounted cash flows):

	As at March 31, 2020	As at March 31, 2019
Weighted average duration of defined benefit plan obligation	4.36 years	6.14 years

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

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	₹ 37.50 - ₹ 115.24
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, 2020		Year ended March 31, 2019	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	4,440	37.50	1,00,661	55.96
Granted during the year	-	-	-	-
Forfeited during the year	4,440	37.50	1,125	110.00
Exercised during the year	-	-	95,096	56.33
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	-	4,440	37.50
Exercisable at the end of the year	-	-	-	45.98

The details of exercise price for stock options outstanding at the end of the year are:

	As at March 31, 2020	As at March 31, 2019
Exercise price	37.50 – 110.00	37.50 – 110.00
Number of options outstanding (numbers)	-	4,440
Weighted average remaining contractual life of options (in years)	-	1.46
Weighted average exercise price	37.50	37.50

The weighted average share price at the date of exercise of these options, as at March 31, 2020 was ₹ Nil

The weighted average share price at the date of exercise of these options, as at March 31, 2019 was ₹ 273.86

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts are in ₹ 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 V	3.64 – 6.50
Grant VI	3.50 – 6.50
Grant VII	3.50 – 6.51
Grant VIII	3.50 – 6.51
Grant IX	3.50 – 6.51
Grant X	3.64 – 6.64
Grant XI	3.50 – 6.51
Grant XII	3.50 - 6.76
Grant XIII	3.50 – 6.51
Grant XIV	3.50 – 6.51
Grant XV	3.50 – 6.51
Grant XVI	3.50 – 6.51
Grant XVII	3.50 – 6.50
Fair value of shares on date of grant	₹ 115.24 - ₹ 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, 2020		Year ended March 31, 2019	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	7,11,227	215.99	3,96,365	175.95
Granted during the year	1,19,600	147.81	4,77,300	226.00
Forfeited during the year	2,79,100	210.69	80,563	184.84
Exercised during the year	2,100	113.57	81,875	111.14
Expired during the year			-	-
Outstanding at the end of the year	5,49,627	203.51	7,11,227	215.99
Exercisable at the end of the year	2,23,527	201.02	6,17,925	111.10

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

(All amounts are in ₹ 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, 2020	As at March 31, 2019
Exercise price (₹)	110.00 – 294.33	110.00 – 294.33
Number of options outstanding	5,49,627	7,11,227
Weighted average remaining contractual life of options (in years)	4.51	4.33
Weighted average exercise price (₹)	203.51	215.99

The weighted average share price at the date of exercise of these options, as at March 31, 2020 was ₹ 203.51

The weighted average share price at the date of exercise of these options, as at March 31, 2019 was ₹ 211.55

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 ₹ 147.81 (March 31, 2019: ₹ 66.61). The Black and Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	As at March 31, 2020	As at March 31, 2019
Weighted average share price (₹)	147.81	226.00
Exercise price (₹)	123.60	179.70
Expected volatility (%)	27%	27%
Historical volatility (%)	0%	0%
Life of the options granted (vesting and exercise period) (in years)	3.50 - 6.76 years	3.50 - 6.51 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, 2020	Year ended March 31, 2019
Expense arising from equity settled share based payment transaction	1.70	10.68

33. COMMITMENTS AND CONTINGENCIES

a. Operating lease - Company as a lessee

The Company has obtained office premises under lease as per the lease agreements for various periods which are generally cancellable and renewable by mutual consent on mutually agreed terms. Further, there are no restrictions imposed by lease agreements and there are no subleases.

The Company has elected not to apply the requirement of Ind AS 116 for short term leases or leases for which the underlying asset is of low value, the lease payments associated with these leases are expensed as per the terms of lease agreement.

Effective April 01, 2019, the Company adopted IND AS 116 "Leases" under the modified retrospective approach without restatement of comparatives and accordingly disclosure is given only for the year ended March 31, 2020.

	Year ended March 31, 2020
Lease rentals recognised during the year	13.57

	Year ended March 31, 2020
Short term leases expenses	13.57
Low value lease expenses	-
Expenses relating to variable lease payments not included in the measurement of lease liabilities	-
Total Lease expense	**13.57**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

33. COMMITMENTS AND CONTINGENCIES (CONTD.)

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, 2020	As at March 31, 2019
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided, net of advances	-	4.00
Other commitments:		
Commitments in relation to purchases	7.31	7.82

c. Contingent liabilities

	As at March 31, 2020	As at March 31, 2019
Claims against the Company not acknowledged as debts		
Service tax [Note (i)]	-	1,610.50
Total	**-**	**1,610.50**

i) During the previous year ended March 31, 2019, Company had received notice of demand dated March 13, 2019, in relation to service tax under the provisions of Finance Act, 1994 for ₹ 387.43 (excluding interest and penalties) covering the period from April 1, 2016 to June 30, 2017 on supply of anti-virus software in Compact Disk. Company replied the notice of demand to Commissioner of Goods and Service Tax, Pune.

During the earlier years, Company received similar notice of demands in relation to service tax under the provisions of Finance Act, 1994 for ₹ 1,223.07 (excluding penalty of ₹ 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. Company had filed an appeal with Customs, Excise and Service Tax Appellate Tribunal, New Delhi for the period March 1, 2011 to March 31, 2014 and with the Customs, Excise and Service Tax Appellate Tribunal, Mumbai for the period April 1, 2014 to March 31, 2016.

The Hon'ble Customs, Excise & Service Tax Appellate Tribunal (CESTAT), Principal Bench, New Delhi, vide its judgment (Order No. 50022/2020) dated January 09, 2020 (Service Tax Appeal No. 51175 of 2016), has set aside the Service Tax demand for ₹ 560.71 along with interest and penalty which was earlier confirmed by Directorate General of Central Excise Intelligence (DGCEI), New Delhi vide its Order of 2016 covering period from 2011 to 2014.

Based on this latest judgement of CESTAT, New Delhi , technical circular issued by government authorities and an independent legal opinion obtained by the Company in earlier years, the Company is confident of also getting the claims set aside for balance period from April 01, 2014 to June 30, 2017. Accordingly no provision has been recognized/disclosed in the financial statements.

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 distributors 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 in June 2016 and was subsequently restored and fresh summon was received by the Company in November, 2018. The Company has contested the Suit stating the allegations made in the suit to be false, concocted and has sought its rejection which is pending for adjudication/disposal. The Trade Mark is registered in name of the Company and thus, the Company believes that it has sufficient grounds to counter the litigation and has strong arguments on facts as well as on point of law.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

ii) In February 2016, one of the erstwhile distributors instituted a suit at Hon'ble High Court, Calcutta against the Company and others claiming ₹ 16,100 for various reasons including loss of business profits, loss of capital assets & infrastructure etc. Later, this matter was transferred to the Commercial Bench of the Hon'ble High Court in November, 2017. The matter is pending for framing and adjudication of Preliminary issue in this matter in terms of the order passed by the Hon'ble High Court. 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 rejection/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 vendors 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 charge sheet. 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 neither 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, 2020	Year ended March 31, 2019
Total outstanding dues of micro and small enterprises	4.73	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	4.73	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 ₹ 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, 2020 and March 31, 2019 against the following objects of the Offer is as follows:

	Fund allocated to the activities as per prospectus	Actual utilization up to March 31, 2020	Unutilised money as on March 31, 2020	Actual utilization up to March 31, 2019	Unutilised money as on March 31, 2019
Advertising and sales promotion	1,110.00	641.50	468.50	496.52	613.48
Capital expenditure on research and development	418.80	418.47	0.33	391.69	27.11
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	534.31	3.45	285.64	252.12
Total	**2,342.51**	**1,783.00**	**559.51**	**1,362.57**	**979.94**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

36. DETAILS OF INVESTMENTS MADE FROM UNUTILIZED PORTION OF PUBLIC ISSUE RAISED DURING THE YEAR ENDED

	As at March 31, 2020	As at March 31, 2019
Investments in fixed deposits of banks	572.50	993.00
Balance in current accounts	0.86	0.79
Total *	**573.36**	**993.79**

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, 2020: ₹ 13.85 (March 31, 2019: ₹ 13.85) spent by the Company from bank accounts other than the IPO account.

37. CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

	Year ended March 31, 2020	Year ended March 31, 2019
(a) Gross amount required to be spent by the Company during the year	23.83	20.93

	Year ended March 31, 2020			Year ended March 31, 2019		
(b) Amount spent during the year	Paid	Yet to be paid	Total	Paid	Yet to be paid	Total
For the purpose of education and social activity	22.85	-	22.85	14.20	-	14.20

38. PARTICULARS OF UNHEDGED FOREIGN CURRENCY EXPOSURES AS AT THE BALANCE SHEET DATE

	Foreign currency	As at March 31, 2020		As at March 31, 2019	
		In foreign currency	In Indian Rupees	In foreign currency	In Indian Rupees
Bank balances	USD	0.04	3.09	0.04	2.69
Cash balances	EUR	-	0.22	-	0.14
	USD	-	0.07	-	0.01
	JPY	0.02	0.01	0.02	0.01
Trade receivables	USD	0.24	17.73	0.22	14.99
	JPY	2.52	1.76	1.33	0.83
	AED	0.08	1.63	0.06	1.07
	KES	5.16	3.67	4.80	3.28
Trade payables	USD	0.03	2.44	-	-
Advance Paid	USD	0.01	0.44	-	-
Investment (gross)	JPY	250.00	152.73	230.00	139.22
	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)	AED	-	0.04	-	-

* 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, 2020 (Contd.)
(All amounts are in ₹ Millions, unless otherwise stated)

39. 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
	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 (upto October 11, 2019)
	Nitin Kulkarni, Chief Financial Officer
	Srinivasa Rao Anasingaraju, Company Secretary (w.e.f. May 10, 2019)
	Raghav Mulay, Company Secretary (upto January 16, 2019)
	Mehul Savla, Independent Director
	Apurva Joshi, Independent Director
	Pradeep Bhide, Independent Director (upto April 01, 2019)
	Priti Rao, Independent Director (w.e.f. April 10, 2018)
	Sunil Sethy, Independent Directors (upto April 24, 2018)
	Shailesh Lakhani, Non-Executive Director
	Manu Parpia, Independent Director (upto May 11, 2019)
	Amitabha Mukhopadhyay , Independent Director (w.e.f June 10, 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
	Dreambook Production (OPC) Private Limited

Transactions with related parties and year end balances:

Nature of transaction	Name of the related party	Year ended March 31, 2020	Year ended March 31, 2019
Compensation paid to Key Management Personnel	Kailash Katkar	13.29	13.60
	Sanjay Katkar	13.13	13.69
	Vijay Mhaskar	6.92	11.18
	Nitin Kulkarni	5.70	4.67
	Srinivasa Rao Anasingaraju	3.27	-
	Anupama Katkar	4.41	4.06
	Raghav Mulay	-	0.85
	Sneha Katkar	0.95	0.65
Sub-total		**47.67**	**48.70**
Directors' sitting fee	Amitabha Mukhopadhyay	0.28	-
	Apurva Joshi	0.32	0.30
	Pradeep Bhide	-	0.25
	Mehul Savla	0.22	0.20
	Manu Parpia	-	0.23
	Priti Rao	0.28	0.28
	Abhijit Jorvekar	-	0.06
Sub-total		**1.10**	**1.32**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

39. RELATED PARTY TRANSACTION (CONTD.)

Nature of transaction	Name of the related party	Year ended March 31, 2020	Year ended March 31, 2019
Commission to independent directors	Amitabha Mukhopadhyay	0.60	-
	Apurva Joshi	0.45	0.54
	Mehul Savla	0.45	0.54
	Manu Parpia	-	0.54
	Pradeep Bhide	-	0.54
	Priti Rao	0.45	0.54
Sub-total		**1.95**	**2.70**
Total		**50.72**	**52.72**

Compensation of key managerial personal of the Company

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Short-term employee benefits (compensation)	47.67	48.70
Post - employment gratuity benefits	4.18	4.28
Leave benefits	0.04	0.20
Share-based payment transactions	-	-
Total compensation to key management personnel	**51.89**	**53.18**

* 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, 2020 Number outstanding	March 31, 2019 Number outstanding
February 6, 2014	-	96.25	-	-
September 6, 2014	-	110.00	-	-
September 24, 2015	-	110.00	-	-
November 11, 2016	-	237.40	62,500	62,500
October 10, 2018	-	185.60	25,000	-

* 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, 2020	Year ended March 31, 2019
Rent paid	Kailash Katkar	1.02	0.96
	Kailash Sahebrao Katkar HUF	-	0.80
	Sanjay Sahebrao Katkar HUF	1.20	1.09
		2.22	**2.85**
CSR contribution	Quick Heal Foundation	22.85	14.20
Sub-total		**22.85**	**14.20**
Sale of security software products	Quick Heal Technologies Japan K.K	2.67	1.41
	Quick Heal Technologies America Inc.	7.10	5.51
	Seqrite Technologies DMCC	4.60	5.20
	Quick Heal Technologies Africa Limited	9.58	6.15
		23.95	**18.27**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

39. RELATED PARTY TRANSACTION (CONTD.)

Nature of transaction	Name of the related party	Year ended March 31, 2020	Year ended March 31, 2019
Investments / (Disinvestments)	Quick Heal Technologies Japan K.K	13.52	18.97
	Quick Heal Technologies America Inc.	-	-
	Seqrite Technologies DMCC	-	-
	Quick Heal Technologies Africa Limited	-	-
		13.52	**18.97**
Final equity dividend declared and paid for the financial year ended March 31, 2019 and March 31, 2018	Kailash Katkar	37.59	61.53
	Sanjay Katkar	37.59	61.53
	Anupama Katkar	9.17	15.01
	Chhaya Katkar	9.17	15.01
	Rajesh Ghonasgi	-	0.31
	Manu Parpia	-	0.11
	Abhijit Jorvekar	-	0.00
		93.52	**153.50**
Interim equity dividend declared and paid for the financial year ended March 31, 2020	Kailash Katkar	75.18	-
	Sanjay Katkar	75.18	-
	Anupama Katkar	18.34	-
	Chhaya Katkar	18.34	-
		187.04	**-**

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. The Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019: ₹ 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, 2020	As at March 31, 2019
Trade receivables	Quick Heal Technologies Japan K.K	1.76	0.83
	Quick Heal Technologies America Inc.	5.65	2.12
	Seqrite Technologies DMCC	1.63	1.07
	Quick Heal Technologies Africa Limited	3.67	3.28
		12.71	**7.30**
Advances receivable from subsidiaries	Seqrite Technologies DMCC	0.04	-
		0.04	**-**
Commission payable to independent directors	Amitabha Mukhopadhyay	0.60	-
	Apurva Joshi	0.45	0.54
	Mehul Savla	0.45	0.54
	Manu Parpia	-	0.54
	Pradeep Bhide	-	0.54
	Priti Rao	0.45	0.54
		1.95	**2.70**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

40. (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.

40. (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	Seqrite Technologies DMCC
Balance as at March 31, 2020	-	-	-	0.04
Maximum amount outstanding during the financial year 2019-20	0.07	-	-	0.04
Balance as at March 31, 2019	-	-	-	-
Maximum amount outstanding during the financial year 2018-19	0.01	-	-	0.04

40. (c) Exceptional items

Exceptional items includes impairment of investment in wholly owned subsidiaries amounting to ₹ 23.17 (March 31, 2019: ₹ 93.17). The details are as follows:

Name of Subsidiary	Year ended March 31, 2020	Year ended March 31, 2019
Quick Heal Technologies Japan K.K.	23.17	93.17
Total	**23.17**	**93.17**

41. FAIR VALUES

Particulars	Carrying value		Fair value	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Financial assets				
Investments at amortised cost	58.38	58.38	58.38	58.38
Investments at FVTPL	3,018.36	3,840.02	3,018.36	3,840.02
Investments at FVTOCI	21.80	-	21.80	-
Loans and security deposits	10.89	10.18	10.89	10.18
Trade and other receivables	1,132.26	1,248.55	1,132.26	1,248.55
Cash and cash equivalents	35.57	79.63	35.57	79.63
Other bank balances	699.53	1,219.44	699.53	1,219.44
Other financial assets	19.21	34.64	19.21	34.64
Total	**4,996.00**	**6,490.84**	**4,996.00**	**6,490.84**
Financial liabilities				
Trade and other payables	383.60	384.83	383.60	384.83
Other financial liabilities	9.04	34.23	9.04	34.23
Total	**392.64**	**419.06**	**392.64**	**419.06**

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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

41. FAIR VALUES (CONTD.)

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 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, 2020 and March 31, 2019 are as shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Unquoted equity shares in L7 Defence Limited	Discounted cash flow method	Weighted average cost of equity	March 31, 2020: 31.00% to 33.00%	1% increase in the WACC would decrease the fair value by ₹ 23.95 and 1% decrease would in rease the fair value by ₹ 27.75.
		Long-term growth rate for cash flows	March 31, 2020: 1% to 3%	1% increase in the growth would decrease the fair value by ₹ 60.94 and 1% decrease would decrease the fair value by ₹ 59.68.
		Long-term operating margin	March 31, 2020: 19.56% to 49.56%	5% increase in the margin would increase the fair value by ₹ 411.21 and 5% decrease would decrease the fair value by ₹ 411.21.
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 ₹ 3.80 and 1% decrease would increase the fair value by ₹ 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 ₹ 1.87 and 1% decrease would decrease the fair value by ₹ 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 ₹ 23 and 15% decrease would decrease the fair value by ₹ 23.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

Reconciliation of fair value measurement of financial assets classified as FVTOCI:

	Unquoted Equity Shares
As at April 1, 2018	**29.52**
Remeasurement recognised in OCI	(29.52)
Purchases	-
Sales	-
As at March 31, 2019	**-**
Remeasurement recognised in OCI	-
Purchases	21.80
Sales	-
As at March 31, 2020	**21.80**

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, 2020 and March 31, 2019.

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 Compulsory Convertible Preference Share in L7 defence limited					
As at March 31, 2020	March 31, 2020	21.80	-	-	21.80
As at March 31, 2019	March 31, 2019	-	-	-	-
Financial assets measured at fair value through profit and loss					
Mutual fund investments					
Fair value through profit or loss investments					
As at March 31, 2020	March 31, 2020	3,018.36	3,018.36	-	-
As at March 31, 2019	March 31, 2019	3,840.02	3,840.02	-	-

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 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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

43. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

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 38 to the financial statements.

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, 2020	USD	1.10	3%	2.73	2.73
				(2.73)	(2.73)
	AED	0.38	3%	0.26	0.26
				(0.26)	(0.26)
	JPY	252.54	5%	7.75	7.75
				(7.75)	(7.75)
	KES	118.83	3%	2.65	2.65
				(2.65)	(2.65)
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

(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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

43. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

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, 2020 and March 31, 2019. The working capital as at March 31, 2020 was ₹ 4,227.17 (March 31, 2019: ₹ 5,686.87) including cash and cash equivalents.

As at March 31, 2020 and March 31, 2019, the outstanding employee obligations were ₹ 8.56 and ₹ 39.49 respectively which have been substantially funded. Accordingly, no significant liquidity risk is perceived.

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, 2020					
Trade payables	-	74.43	13.35	-	87.78
Other payables	-	248.78	47.04	-	295.82
Any other financial liabilities	-	7.89	1.15	-	9.04
Total	**-**	**331.10**	**61.54**	**-**	**392.64**
As at March 31, 2019					
Trade payables	-	98.60	31.70	-	130.30
Other payables	-	254.47	0.06	-	254.53
Any other financial liabilities	-	25.76	8.47	-	34.23
Total	**-**	**378.83**	**40.23**	**-**	**419.06**

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, 2020 is ₹ 6,482.13 (March 31, 2019: ₹ 7,948.92).

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

44. ESTIMATED UNCERTAINTY RELATING TO COVID-19 OUTBREAK

The World Health Organization announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic on March 11, 2020. In response, the Indian government have taken various actions and ensured many precautionary measures which posed significant disruption to business operations and adversely impacting most of the industries which has resulted in global slowdown.

The full extent and duration of the impact of COVID-19 on the Company's operations and financial performance is currently unknown, and depends on future developments that are uncertain and unpredictable, including the duration and spread of the pandemic and any new information that may emerge concerning the severity of the virus, its spread to other regions and the actions to contain the virus or treat its impact, among others.

Any of these outcomes could have a material adverse impact on Company's business, financial condition, results of operations and cash flows.

Management believes that considering the Company's historical profitability performance and its business model, it has adequate liquidity and business plans to continue to operate the business and mitigate the risks associated with COVID-19 for the next 12 months from the date of this Financial Statements. The Company has also ensured that majority of its key development and other critical resources are working from home and providing the required support to business and ensuring that there is least disturbance. The short term disturbance in the supply chain is having impact on the business however the same is expected to gradually recover once the operations resume.

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

As per our report of even date
For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration Number: 105047W

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

Nitin Manohar Jumani	**Kailash Katkar**	**Sanjay Katkar**	**Nitin Kulkarni**	**Srinivasa Rao Anasingaraju**
Partner Membership Number: 111700	Managing Director & Chief Executive Officer DIN: 00397191	Joint Managing Director & Chief Technical Officer DIN: 00397277	Chief Financial Officer	Company Secretary Regs. No. FCS-9901
Place: Pune Date: May 21, 2020	Place: Pune Date: May 21, 2020	Place: Pune Date: May 21, 2020	Place: Pune Date: May 21, 2020	Place: Pune Date: May 21, 2020

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