



April 30, 2019

To,  
**Quick Heal Technologies Limited**  
Marvel Edge, 7010 C&D, 7<sup>th</sup> Floor,  
Opp. NECO Garden Society  
Pune - 411 014

Kind Attn: Mr. Shankar Shinde

Dear Sir,

Sub: Quick Heal Technologies Limited - initial public offering of equity shares by the Company aggregating upto Rs. 250 Crores

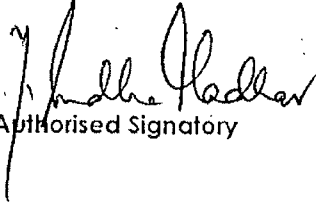
We write in our capacity of Monitoring Agent for the captioned initial public offering of the Company and refer to our duties cast under Regulation 16(2) of the Securities & Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009.

In terms of above, please find attached the Monitoring Report for the quarter ended March 31<sup>st</sup> 2019 as per aforesaid SEBI Regulations.

Request you to kindly take the same on records.

Thanking you,

For Axis Bank Limited

  
Authorised Signatory



Report of the Monitoring Agency

Name of the Issuer: Quick Heal Technologies Ltd

For Quarter ended: March, 2019

Name of the Monitoring Agency: Axis Bank Limited

(a) Deviation from the objects: No deviation from the objects (relevant comments are specified in the report below)

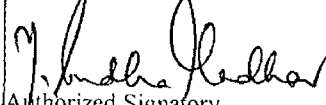
(b) Range of Deviation\*: Not applicable (relevant comments are specified in the report below)

Declaration:

*We hereby declare that this report is based on the format as prescribed by SEBI (ICDR) Regulations, 2009, as amended. We further declare that this report provides true and fair view of the utilization of issue proceeds.*

*We declare that we do not have any direct / indirect interest in or relationship with the issuer/promoters/directors/management and also confirm that we do not perceive any conflict of interest in such relationship / interest while monitoring and reporting the utilization of issue proceeds by the issuer. We also declare that the certificate is provided on the basis of management representation and certification provided by the independent chartered accountant.*

For Axis Bank Limited

  
Authorized Signatory  
Date: April 30, 2019



1) **Issuer Details:**

Name of the issuer: Quick Heal Technologies Ltd  
 The names of the promoters of the issuer: Kailash Katkar, Sanjay Katkar, Anupama Katkar and Dr. Chhaya Katkar  
 Industry/sector to which it belongs: Security software products and solutions

2) **Issue Details:**

Issue Period: minimum of 3 working days and not more than 10 working days.  
 Type of issue (public/rights): Public Issue  
 Type of specified securities: Equity Shares  
 Grading: As this is an offer of Equity shares, no credit rating agency has been appointed in respect of obtaining grading for the offer.

Issue size (Rs. in Crores): Fresh issue of 250 crores

3) **Details of the arrangement made to ensure the monitoring of issue proceeds:**

(Give item by item description for all the objects stated in offer document separately in following format)

Particulars	Comment
Advertising and sales promotion	As per annexure attached 3.1
Capital expenditure on research and development	As per annexure attached 3.1
Purchase, development and renovation of office premises in Kolkata, Pune and New Delhi	As per annexure attached 3.1
General corporate purposes	As per annexure attached 3.1

# Where material deviation may be defined to mean:

- a) Deviation in the objects or purposes for which the funds have been raised: **Not applicable**  
 b) Deviation in the amount of fund actually utilized by more than 10% of the amount projected in the offer documents.: **Not applicable**

4) **Details of object(s) to be monitored:**

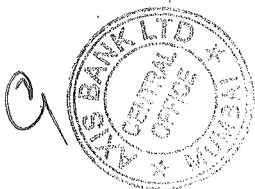
(i) Cost of object(s)-

(Give Item by Item Description for all the Objects Stated in Offer Document separately in following format)  
 (Rs. in million)

Sl. No	Item Head	Original Cost (as per Offer Document)	Revised Cost	Comments of Monitoring Agency	Comments of Board of Directors		
					Reason of cost revision	Proposed financing option	Particulars of firm arrangements made
1.	Offer related expenses	157.49	174.74	The fact that estimated offer related expenses are short of actual expenses is mentioned in all earlier Utilization Certificate*			

\* Relevant comments are provided in our report dated 25<sup>th</sup> October, 2016

(ii) Progress in the object(s)-Attached as Annexure 3.2



(iii) Deployment of unutilized IPO proceeds-

Sl. no.	Type of instrument where amount invested*	Amount invested	Maturity date	Accrued interest Earnings #	Return on Investment (ROI %)	Market Value as at the end of quarter**
1	Fixed Deposit in Kotak Mahindra with FD no 8813103482	4,90,00,000	26-Mar-20	59,605	7.40%	4,90,59,605
2	Fixed Deposit in Kotak Mahindra FD with no 8813105554	11,65,00,000	25-Sep-19	45,323	7.10%	11,65,45,323
3	Fixed Deposit in Kotak Mahindra with FD no 8812985522	14,90,00,000	28-Aug-2019	67,14,185	7.65%	15,57,14,185
4	Fixed Deposit in Kotak Mahindra with FD no 8813097644	9,75,00,000	12-Mar-2020	4,00,685	7.50%	9,79,00,685
5	Fixed Deposit in Kotak Mahindra with FD no 8813097651	9,75,00,000	12-Mar-2020	4,00,685	7.50%	9,79,00,685
6	Fixed Deposit in Kotak Mahindra with FD no 8813103451	3,55,00,000	26-Mar-2020	43,184	7.40%	3,55,43,184
7	Fixed Deposit in Kotak Mahindra with FD no 8813103468	4,90,00,000	26-Mar-2020	59,605	7.40%	4,90,59,605
8	Fixed Deposit in Kotak Mahindra with FD no 8813103475	4,90,00,000	26-Mar-2020	59,605	7.40%	4,90,59,605
9	Fixed Deposit in Kotak Mahindra with FD no 8812988189	25,00,00,000	28-Aug-2019	1,16,33,562	7.90%	26,16,33,562
10	Fixed Deposit in HDFC with FD no 50300315359830	10,00,00,000	26-Feb-2020	7,17,260	7.70%	10,07,17,260
11	Bank Balance in Axis Bank Account No. 916020008277004 as on 31 March 2019	7,89,705	NA	NA	NA	7,89,705
	<b>Total</b>	<b>99,37,89,705</b>		<b>2,01,33,699</b>		<b>1,01,39,23,404</b>

\* Also indicate name of the party/company in which amounts have been invested

\*\* Where market value is not practical to find, provide NAV/NRV/Book Value of the same

# Interest Accrued Earnings are mentioned as per interest accrued certificates issued by Bank is Rs 2,01,33,699. /-.

(iv) Delay in implementation of the object(s)- Comments enclosed in Annexure 3.1 and 3.3 to this letter



ANNEXURE 3.1 TO THE MONITORING AGENCY CERTIFICATE DATED APRIL 30 2019

Particulars	Reply	Monitoring Agency Comment	Comments of Board of Directors
Whether all the utilization is as per disclosure in Offer Document?	Yes/ No	As per the objects of the offer stated in the prospectus the Total Net Proceeds received by Quick Heal Technologies Limited by way of IPO should be deployed during the fiscal years 2016, 2017, 2018 and 2019.	
Whether Shareholder approval is obtained in case of material deviations# from expenditures disclosed in Offer Document?	Not Applicable	However, if the funds are not utilized within prescribed period for reasons mentioned in prospectus, then such unutilized fund can be utilized in a fiscal year 2020 or any subsequent period as may be determined by the company.	
Whether means of finance for disclosed objects of the Issue has changed?	NIL	Based on the above, we understand that the Board of Directors of Quick Heal Technologies Limited in meeting dated 13th February 2019 have decided to extend the utilization of Net Proceeds to the subsequent fiscal years upto 31 March 2021	
Any major deviation observed over the earlier monitoring agency reports?	NIL	NIL	
Whether all Government / Statutory approvals related to the object(s) obtained?	Not to our knowledge	NIL	
Whether all arrangements pertaining to technical assistance/collaboration in operation?	NIL	NIL	
Any favorable events improving object(s) viability	NIL	NIL	
Any unfavorable events affecting object(s) viability	Not to our knowledge	NIL	
Any other relevant information that may materially affect the decision making of the investors	NIL	NIL	



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ANNEXURE 3.2 TO THE MONITORING AGENCY CERTIFICATE DATED APRIL 30, 2019

Sl. No	Item Head\$	Amount as proposed in Letter of Offer	Amount utilized			Total unutilized Amount	Comments Monitoring Agency	Comments of Board of Directors	
			As at Beginning of the quarter	During the quarter	At the end of the quarter			Reason of idle funds	Proposed Course of Action
1	Advertising and Sales Promotion	1,110.00	454.47	42.04	496.51	613.49	Expenses incurred on advertising and sales promotion are utilized from net proceeds and are in accordance with the objects of the offer as stated in prospectus except for the Comments mentioned in Annexure 3.1 to this letter	Please Refer to Annexure 3.3	Please Refer to Annexure 3.3
2	Capital expenditure on research and development	418.80	308.94	82.75	391.69	27.11	Utilization is as per disclosure in the prospectus except for the Comments mentioned in Annexure 3.1 to this letter	Please Refer to Annexure 3.3	Please Refer to Annexure 3.3
3	Purchase, development and renovation of office premises in Kolkata, Pune and New Delhi	275.95	188.72	-	188.72	87.23	Utilization is as per disclosure in the prospectus except for the Comments mentioned in Annexure 3.1 to this letter	Please Refer to Annexure 3.3	Please Refer to Annexure 3.3
4	General corporate purposes	537.76	211.20	74.46	285.64	252.12	Utilization is as per disclosure in the prospectus except for the Comments mentioned in Annexure 3.1 to this letter	Please Refer to Annexure 3.3	Please Refer to Annexure 3.3
	<b>Total</b>	<b>2,342.51</b>	<b>1,163.33</b>	<b>199.25</b>	<b>1,362.57</b>	<b>979.94</b>			

Amount in million



-ANNEXURE 3.3 TO THE MONITORING AGENCY CERTIFICATE DATED APRIL 30, 2019

Object(s) Name	Completion date		Delay (No. of days/ months)	Comments of Board of Director of Quick Heal	
	As per offer Document	Actual		Reason of Delay	Proposed course of Action
Advertising and Sales Promotion	31st March 2019	31st March 2021	Upto 24 Months	As evident from the historical data, recognition and reputation of "Quick Heal" brand has contributed to the growth in business. We are also making the efforts to build "Seqrite" brand amongst the enterprise users to grow our enterprise business at rapid pace. Since our enterprise products were not fully ready for bigger setup, the spend on "Seqrite" brand was on hold till date and we were waiting for the product readiness. The unutilised funds will get fully consumed on "Quick Heal" and "Seqrite" brand building in next 2 years since there are marketing plan in place.	Now the products are ready for bigger setup, we have started "Seqrite" brand building from March-2019. We expect that, we will start spending on advertising of Enterprise Product sale in the coming years.
Capital expenditure on research and development	31st March 2019	31st March 2021	Upto 24 Months	In order to maintain our R&D technology capabilities, we have to ensure that our IT infrastructure is maintained with advanced technology to continue our innovation and develop solutions with the latest technology for existing as well as upcoming new products for all latest platforms. The Business Growth so far was not in line with our expectations and hence company decided to go slow on this spend.	Company has started the process of procuring Security Lab assets for R&D purpose & other IT related Assets in Q4FY19. The initial spends have done in Q4FY19 and the balance will get consumed in Q1FY20. This will give us leverage to test and release our new products of better quality and make our products market competitive.
Purchase, development and renovation of office premises in Kolkata, Pune and New Delhi	31st March 2019	31st March 2021	Upto 24 Months	Total funds of 18.87 Cr out of 27.60 Cr has been spent on renovation of office premises at Chennai, Kolkata, New Delhi and Pune. We have also optimised these costs by better negotiations. The amount remained unspent mainly on account of substantial delay in possession of Marvel Edge property (Pune Property 2) for almost two years.	Company is planning to transfer the balance amount and utilize this balance for General Corporate Business Purposes subject to the necessary approval and after following the required process after ensuring all the compliances.
General corporate purposes	31st March 2019	31st March 2021	Upto 24 Months	We have been using this amounts for many other business purpose and in execution of Marketing Schemes and Business Promotions Exps in sync with our Revenue growth Plans in line with Forecast for coming quarters.	With the Planned Revenue Growth and improved business environment for cyber security business, company is confident of spending the balance unutilised amount in next 2 years as mentioned in IPO prospectus.

