

Ref No.: QHTL/Sec/SE/2017-18/52

31st August, 2017

The Manager,
Corporate Services,
BSE Limited,
14th floor, P J Towers, Dalal Street,
Mumbai - 400 001
Ref: Security ID : QUICKHEAL
Security Code : 539678

The Manager,
Corporate Services,
National Stock Exchange of India Limited,
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051
Symbol: QUICKHEAL
Series : EQ

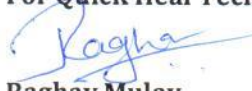
Subject: Annual Report for FY 2016-17

Dear Sir/Madam,

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find Annual Report of the Company for FY 2016-17, enclosed herewith.

This is for your information and records.

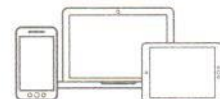
For Quick Heal Technologies Limited


Raghav Mulay
Company Secretary

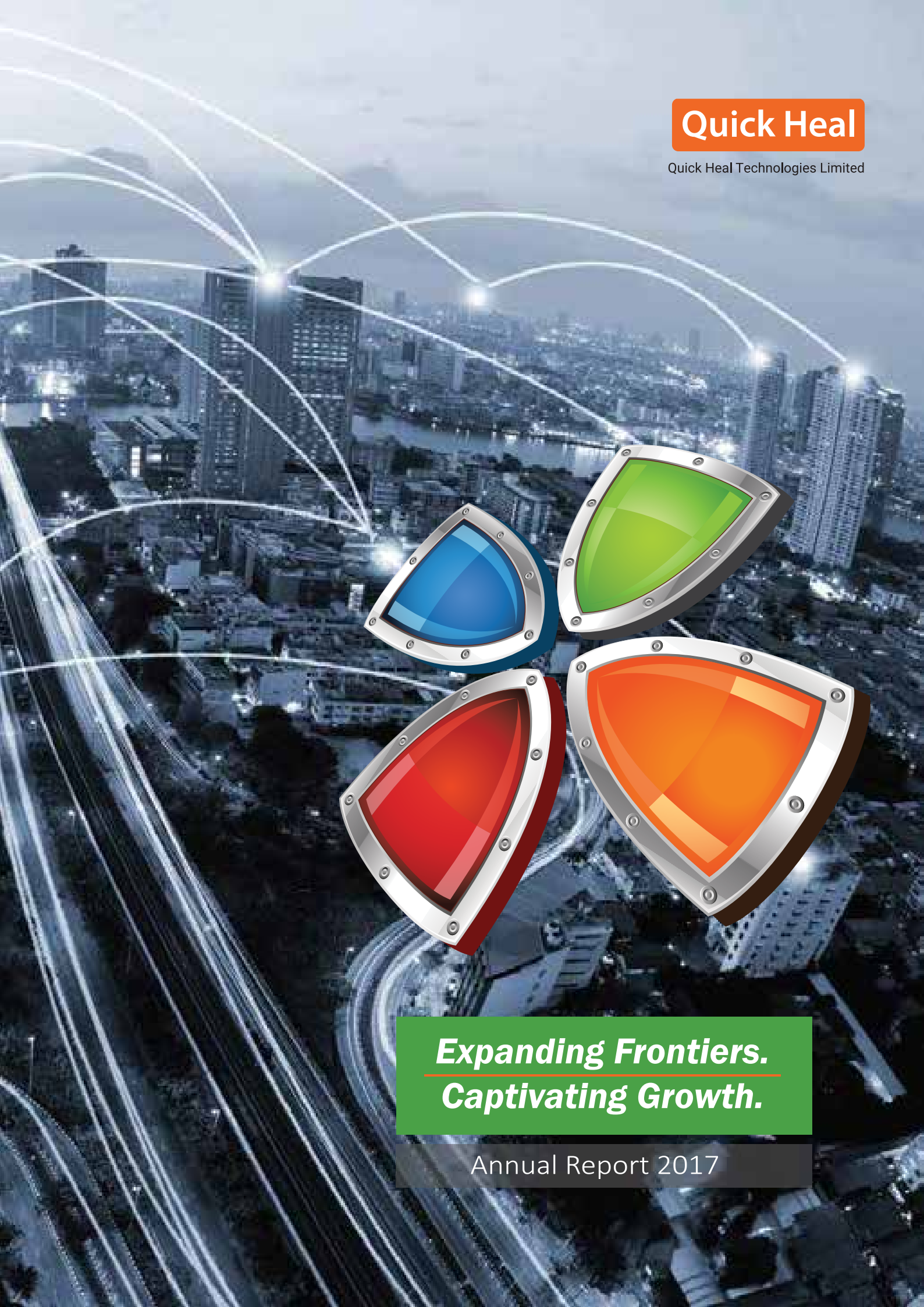
Encl: As Above



Complete Protection For



SMARTPHONES • COMPUTERS • TABLETS

An aerial night view of a city with glowing light trails from traffic and buildings. Overlaid on the city are four shields in blue, green, red, and orange, each with a metallic border and rivets. White arcs connect various points in the city, suggesting a network or data flow.

Quick Heal

Quick Heal Technologies Limited

***Expanding Frontiers.
Captivating Growth.***

Annual Report 2017

Quick Heal

Security Simplified

We are at the pivot of the next stage of growth as we continue to build resilience and increase our competitive advantages. We are making the right investments in building our R&D capabilities and investing in infrastructure, systems, technology and new products. We continue to tap new opportunities in the domestic markets and expand our presence in the international market through consistent brand building initiatives. With a relentless focus, synergy and drive to excel and commitment to keep users protected at all times, we are enhancing our market competitiveness and expanding capabilities to achieve industry leading growth and margins.

We have gained clear leadership in the consumer security solutions space with a portfolio of easy-to-use, feature-rich and high-quality security software solutions, anchored by an extensive pan-India distribution network. Backed by an established brand and robust distribution model, we have trebled the number of active licenses and continue to sustain our leadership position.

In the enterprise security solutions segment, with a rising acceptance of the Seqrite brand among SMEs and emerging enterprises, we are gradually increasing our market share through a comprehensive product portfolio. As we charter our today, we are also nurturing our tomorrow. While we maintain leadership in the retail segment, we are growing the user base and expanding presence in the enterprise segment, developing new products for upcoming platforms. We are replicating the indirect sales model we have mastered in the retail space.

Our strong, sustainable and long-term relationships with channel partners and distribution model helps deliver solutions to a large addressable market, distributed across a broad spectrum. We are also moving up the value chain of products by improving product design and usability to address diverse and differentiated IT and data security needs of retail, enterprise and mobile security markets. While small & medium businesses (SMB) in Tier II & III cities will be our key focus for SMB segment, we will continue to tap the under-penetrated mobile security software market to secure a higher market share.





KAILASH KATKAR
MD & CEO



SANJAY KATKAR
Joint MD & CTO



Simplifying Security since 1995

Expanding Frontiers.
Capturing Growth.

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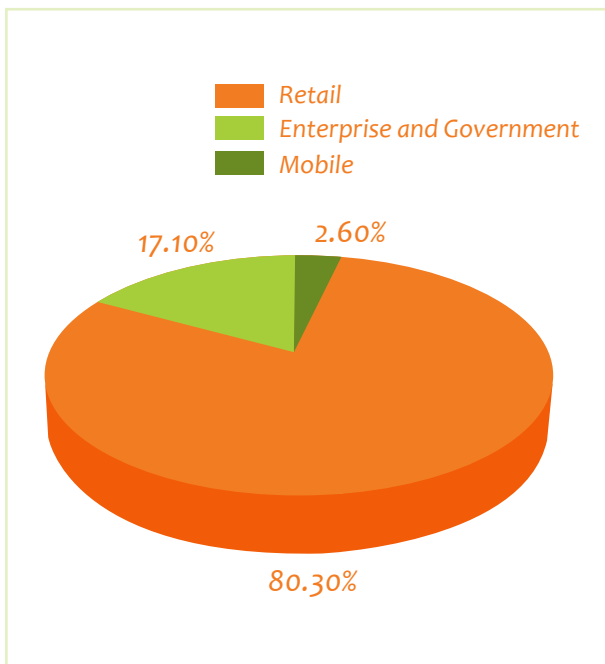
Building a Strategy of an Unwavering Future through Predictable Business Growth and Profitability

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Current Revenue Mix



At a Glance

We are the pioneers in the IT security software industry in India and market leaders in the consumer security segment. Equipped with a vibrant product portfolio and an extensive distribution network, we have expanded our share in the overall security software market.

Our product suites efficiently address the differentiated needs of retail, enterprise and mobile security markets. We sustained the rising momentum in the consumer security segment with active licenses of 7.8 million. With an established brand and robust distribution model, we continue to maintain leadership in the segment.

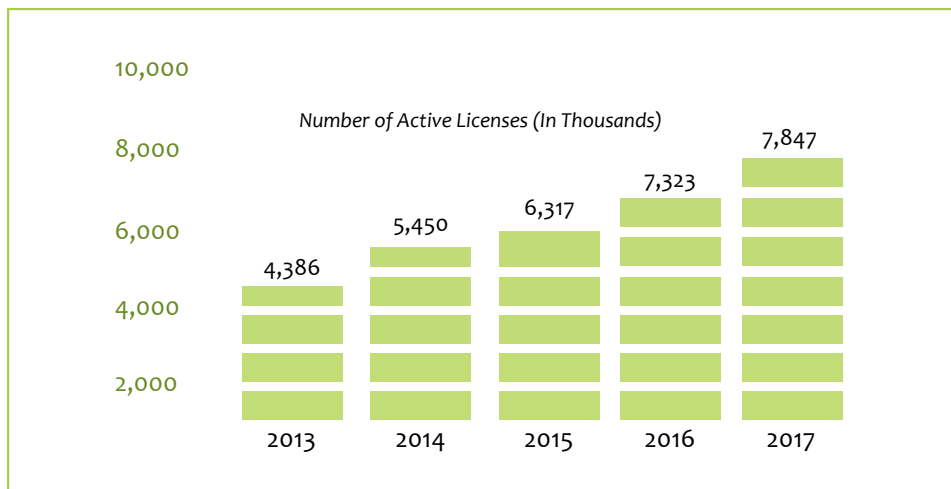
Under the Seqrite brand, our products for SMBs are cloud-enabled and efficiently address the simple requirements of emerging enterprises. In addition to this, we are also expanding our new growth avenue – the mobile segment – by gaining a larger market.

Our Products

- Retail/SMB
- Mobile Security
- Seqrite Endpoint Security
- Data Loss Prevention
- Seqrite Terminator
- Seqrite Enterprise Cloud Platform
- Seqrite Mobile Device Management
- Seqrite Secure Chat



Rising Number of Active Licenses



80+ Countries

Our Global Presence

63

Total Offices and Warehouses in India

04

Offices out of India

35

Indian Cities we are Present in

1.8x

Growth in Active Licenses over the past 5 years

30%

Our Market Share in Retail Segment

7.8 Million

Number of Active Licenses

15,093

Total Retail Partners

491

Total Enterprise Partners

102

Total Government Partners

1,660

Total Mobile Partners

Our Winning Strategy

What supports our Business Growth



Retaining and Expanding User Base

- Special focus on Tier II and Tier III towns
- Tailored offerings for SMB and enterprise users
- Develop and promote software-as-a-service model

Growing SMB and Enterprise Business

- Plans to focus on manufacturing, BFSI, healthcare and hospitality sectors
- Reach out to SMBs, identify new SMB opportunities, increase engagement with channel partners

Expanding internationally

- Focus on international expansion through consistent brand building and marketing effort including media events and exhibitions
- Exploring opportunities in Africa, Middle East and South East Asia

Expanding Mobile Capabilities

- Develop products for upcoming platforms like Androids, Windows, Linux, iOS to address opportunities in consumer enterprise
- Monetise opportunities of our free solutions for mobile devices

Strengthening R&D Investments

- Work ongoing on several new technologies such as IoT and home security automation
- Have 4 patents to our credit. Awaiting 3 Indian patents

4

Number of Patents in United States

We further solidified our strategy for growth by driving our core businesses in the retail segment, where we enjoy a dominant position, and built on these assets to increase our presence in the enterprise, government and mobile device segments. We continued our pursuit to grow our exports and strengthen R&D to drive growth.

Our Pillars of Success

15

Trademarks in India

11

Trademarks in RoW

4

Patents in United States

3

Pending patent applications in India

2

Copyrights in India

4

Pending copyright applications in India



**Expanding Frontiers.
Captivating Growth.**

Products

Quick Heal
Security Simplified


Fonetastic

SECURITE

Quick Heal
Gadget Security

We have a strong brand portfolio with more than 30% market share in the retail sphere.

We have established a clear leadership position in developing proactive, proven security solutions and services for business and personal use around the world.

Our growing portfolio of integrated, innovative and simple-to-manage solutions places us in a unique position to respond to market needs.



Mobile Security

Features

- Background Scan
- Anti-Theft Technology
- QH Remote Device Management
- Security Advisor
- Virus Protection
- Physical and Liquid Damage
- Privacy Advisor
- Mobile Tracker
- Fire Damage
- Call & Message Filter
- Cloud Backup
- Remote Device Management
- Register with TRAI
- Insurance cover - Theft
- Privacy Protection



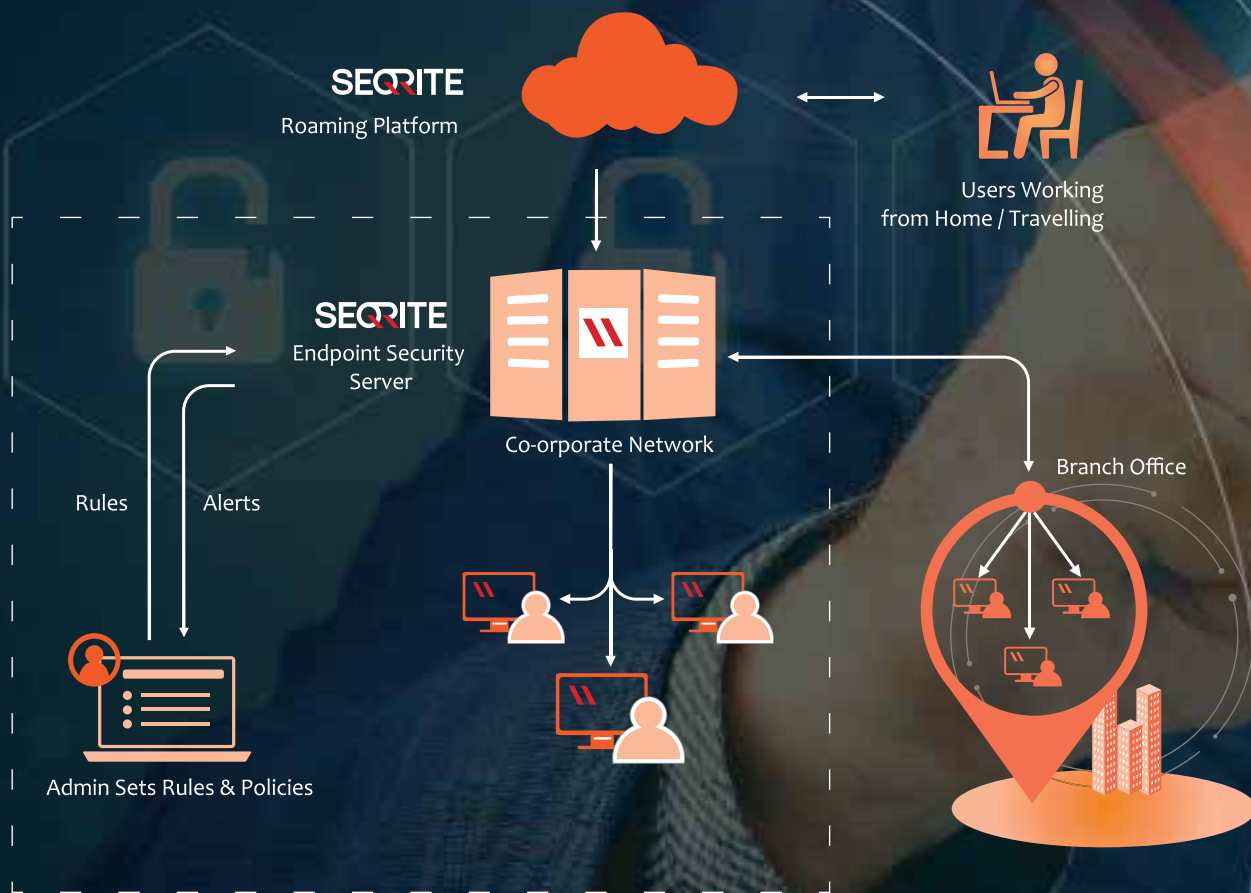
Retail / SMB

COMPETITIVE
ADVANTAGE
COMPREHENSIVE
PRODUCT PORTFOLIO

Features

- Core Protection
- Web Security
- Email Security
- Track My Laptop
- Data Theft Protection
- Anti-Keylogger
- Safe Banking Features
- Parental Controls
- Stealth Mode
- Improved Scan Engine
- QH Remote Device Management
- PC2Mobile Scan
- PCTuner
- Virtual Keyboard
- Privacy Protection

Seqrite Endpoint Security



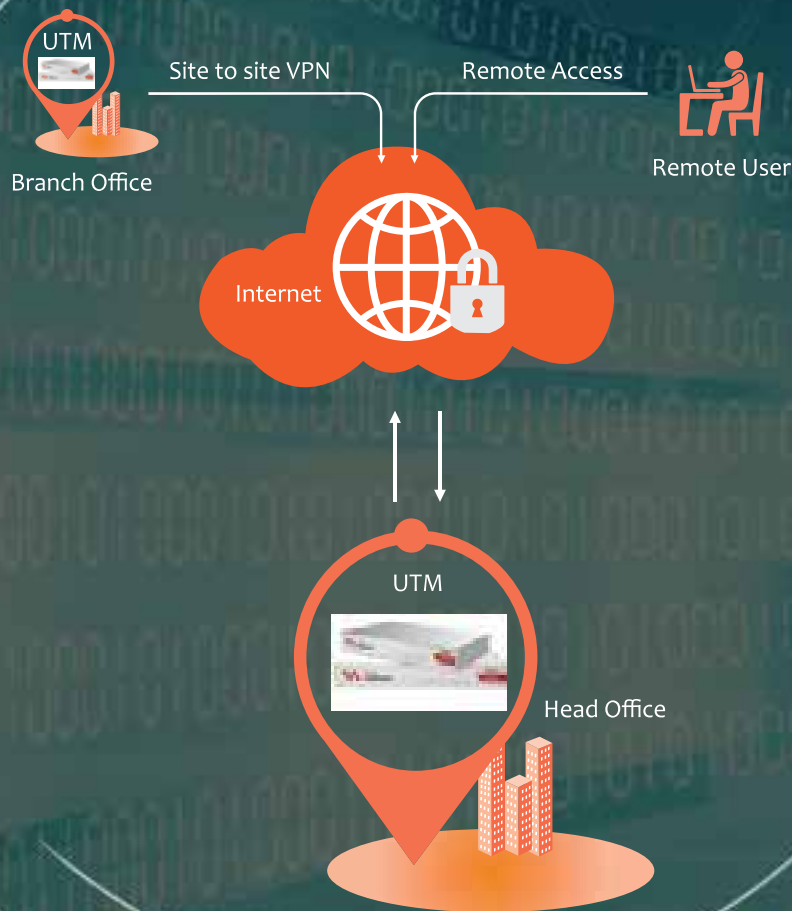
Features

- Asset Management
- File Activity Monitor
- Advance Device Control
- Vulnerability Scan
- Remote Client management
- Web Security
- Core Protection (AV, Firewall, IDS/IPS)
- Other AV Removal
- Application Control
- Data Loss Prevention

Data Loss Prevention (DLP) Windows & MAC



SEQRITE Terminator



Features

- Firewall
- Antivirus
- Mail Protection
- Content Filtering
- IPS
- Application Control
- ISP Load Balance
- ISP Failover
- Link Aggregation
- Bandwidth Management
- User / Group management
- Monitoring and Reporting

Seqrite Enterprise Cloud Platform

Features

- Get status, security and compliance info from EPS, Terminator products
- Access Seqrite products from anywhere and anytime
- Apply uniform security policies at all locations
- Backup important Seqrite product configuration to cloud

- Access Seqrite Products from anywhere
- Apply uniform security & compliance policies to all locations
- Back up your product configuration to SECP

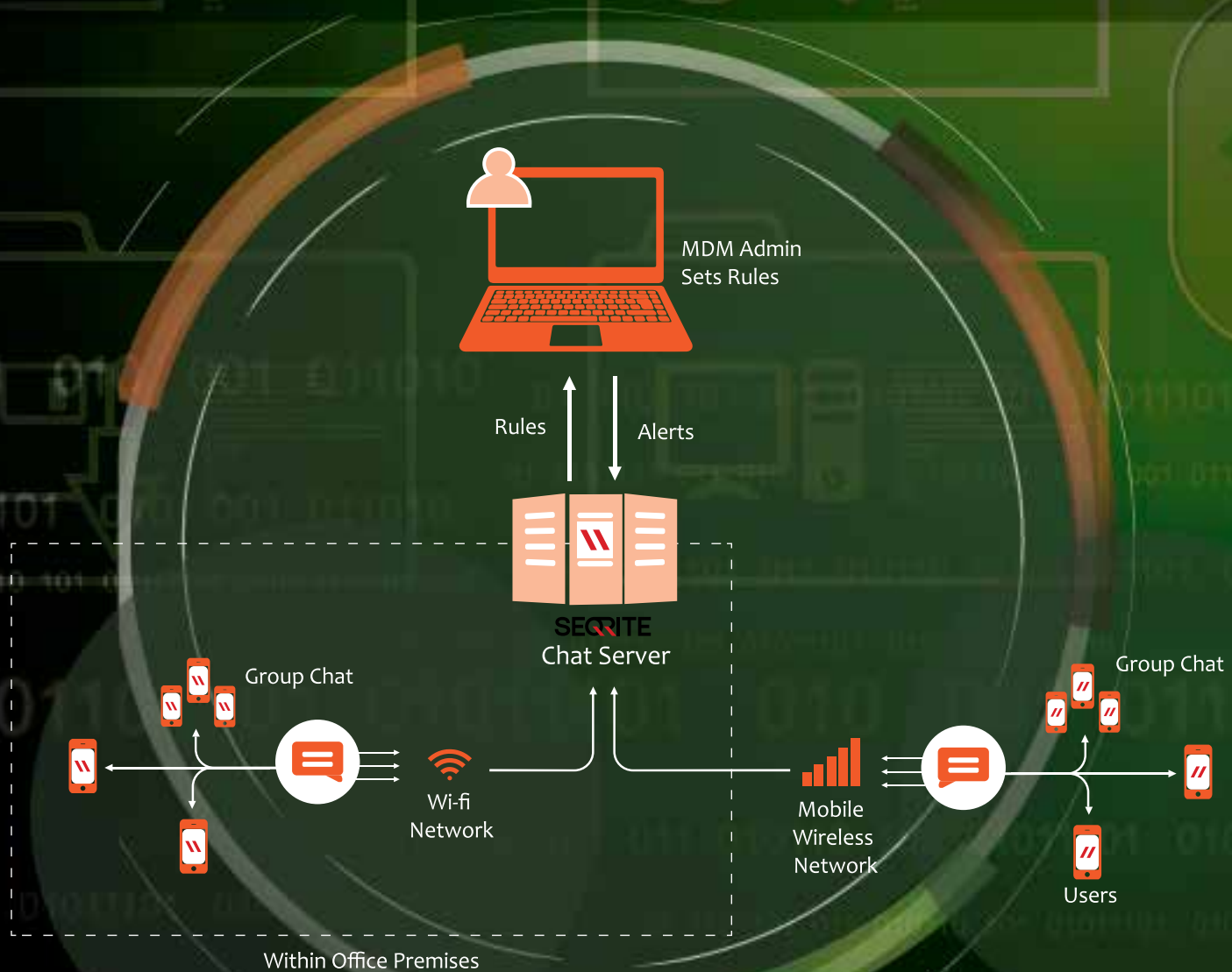
SEQRITE Enterprise Cloud Platform (SECP)



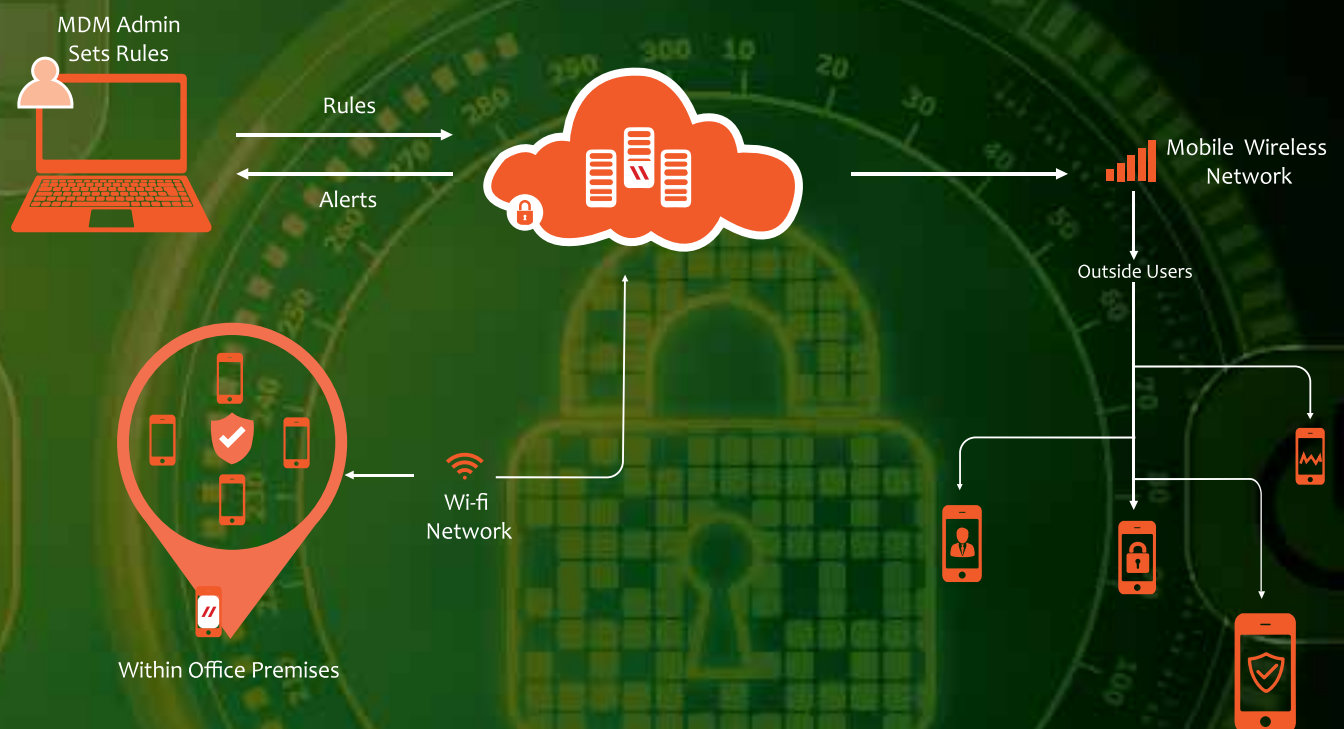
SEQRITE Secure Chat

Features

- Manage chat groups, policies
- One-to-One chat
- Share files (image, audio, video, etc.)
- Group Chat
- Evaporated & Private messages



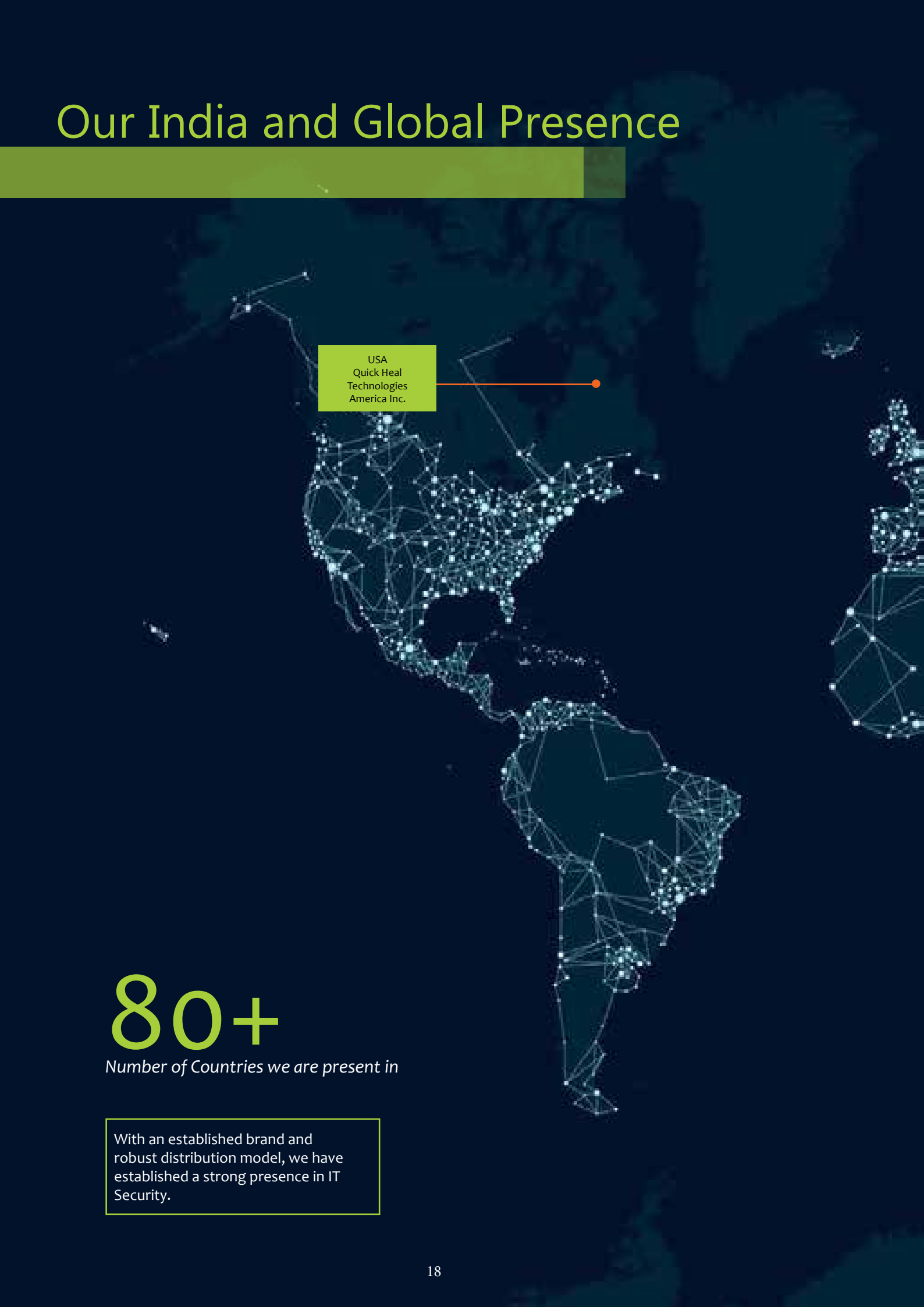
Seqrite Enterprise Cloud Platform



Features

- Manage users, devices, groups
- OTA provisioning of devices
- Remotely push configuration and policies
- Application control
- Anti-theft (ring / lock / locate / trace)
- Remote wipe

Our India and Global Presence



USA
Quick Heal
Technologies
America Inc.

80+

Number of Countries we are present in

With an established brand and robust distribution model, we have established a strong presence in IT Security.



DUBAI
Seqrite Technologies
DMCC

UAE
Quick Heal
Technologies
(MENA) FZE

INDIA (HO)
Quick Heal
Technologies Ltd.

JAPAN
Quick Heal
Technologies
Japan K.K.

In addition to metro cities in India, we have a strong presence in Tier I and II cities and have a special focus on Tier III cities. We are not only enhancing our brand presence in India, but also augmenting our international expansion through increased marketing efforts.

Our Journey over the Years

During our remarkable journey of over two decades in this industry, we managed to establish a leadership position in developing proactive and proven security solutions and services. We are a well-known and widely accepted brand in the IT security industry, with a growing footprint in the international market too.

1995 1998

- Incorporated as CAT Computer Services Pvt. Ltd.
- Launched Quick Heal DOS version
- Launched Quick Heal Windows version

2008

- Became Microsoft's certified partner
- Hosted AAVAR International Security Conference in India

2009 2010

- Received investment from Private Equity investment firm Sequoia Capital
- Recognised by CRN India as No.1 Channel Champion

2014

- Launched Quick Heal MDM (Mobile Device Management)
- Launched Quick Heal Terminator (UTM-Unified Threat Management)
- Launched free mobile security for Android
- Made investment in Wegilant Net Solutions Pvt. Ltd, India



2002 2004

- Started Radio Campaign
- Started first branch in Nashik

2006 2007

- Renamed as Quick Heal Technologies Pvt. Ltd.
- Set up Technical Support Centre at Nashik

2011

- Incorporated Quick Heal in Kenya and Japan
- Acquired Surf Canister Sandbox Technology from Apurva Technologies

2012 2013

- Launched Quick Heal Mobile Security
- Launched Quick Heal End Point Security
- Acquired behavior based technologies from Nova Shield Inc. UK
- Incorporated Quick Heal in Dubai
- Received ISO 9000 certification

2015

- Launched Seqrite brand, encompassing security products for Business Enterprise customers
- Made investment in Smartalyse Technologies Pvt. Ltd., India
- Inaugurated our first office in the US, Quick Heal Technologies America, in Boston
- Launched Quick Heal Gadget Security for Mobile security and insurance
- Launched Fonetastic for Mobile security

2016

- Listing on BSE and NSE exchanges
- Received ISO 27001 and ISO 20000 certification
- Developing more product offerings across segments
- Crossed over 1 Million active licenses mark in Enterprise Segment

Message to Shareholders



Mr. Kailash Katkar, Managing Director & CEO

On behalf of our Board of Directors, it is my pleasure to share our Annual Report for FY2016-17 with you. We are taking affirmative steps to deliver sustainable financial performance on a consistent basis. As our motto remained to create the “Right Solution, Right Product”, FY2017 has been a year of consolidation and one where we established our presence across multiple territories. Today, we call ourselves a “Security Company”, instead of an “Anti-Virus Company”. We continue to grow our existing businesses, while diversifying into new product lines, addressing all opportunities to protect customers from any threat or virus while working in tandem to increase value for our shareholders.

We have witnessed a slight dip in revenue as well as total licenses sold. While focusing on increasing our retail market share, our Enterprise and Government segments also witnessed a rising customer demand and acceptance. We have achieved faster growth in the Enterprise and Government segments, while ensuring a good start for our products in the mobile segment. We also remain focused on R&D and will continue to develop new products and introduce enhanced features.

Preserving Leadership, Adding Capabilities

Equipped with a vibrant product portfolio and an extensive distribution network, we are continually gaining market leadership in the consumer security solutions space with our easy-to-use and high quality software solutions. During the year, we preserved this leadership in our key verticals and focused on adding new segments.

We remained fixated on replicating the consumer security model across all our verticals. With the rising acceptance of Brand ‘Seqrite’ by SMEs and emerging enterprises, we improved our market share in the enterprise segment. We were able to achieve this by strengthening our product portfolio, improving our reach across geographies and industries, growing the user base, and expanding our distribution network. We also forayed into the cyber security consulting space by launching Seqrite Services.

Equipped with a vibrant product portfolio and an extensive distribution network, we are continually gaining market leadership in the consumer security solutions space with our easy-to-use and high quality software solutions.

We improved our reach in the SME segment by adding more customers across (the world/India) and in different industries. We also added new features to 'End Point Security'. In the Enterprise & Government segment, on the Government side, we sustained robust growth by adding more accounts. While SMEs will continue to remain a focus area, we continue to tap the under-penetrated mobile security software market, presented by growing opportunities and launch of premium mobile handsets in the marketplace.

Our foray into the mobile segment has been a good learning curve, and we continue to be bullish on this category, despite short-term aberrations. As a matter of fact, we have devised a 360-degree strategy with a holistic view to sustain growth in this area. During the recent ransomware cyber-attack in May 2017, the world's biggest cyber-attack, we captured the threat ahead of competition, and updated our customers systems, and thus successfully prevented ransomware and other malware threats through our mobile security app through early inception and addressed the threat proactively.

During the year, we focused on business productivity, profitability, strategic reinvestment of profits to support growth, cash generation, and bettering our returns to shareholders. We made significant progress in driving our strategy forward – that of offering a better value proposition to our customers and shareholders.

Our Financial Performance

Our performance this year, and our strong position for future growth, are deeply rooted in a proven strategy focused on creating long-term shareholder value. We delivered satisfactory results, while navigating through a challenging business environment in the 3rd and 4th Quarters, poised due to demonetisation.

Our Consolidated Revenue remained almost flat, declining by 0.7% YoY at ₹ 2,999.7 million, compared to ₹ 3,020.9 million in the previous year. Revenue from Retail, Enterprise & Government and Mobile segments accounted for 80.3%, 17.1% and 2.6% respectively of the total revenues. Our retail segment witnessed de-growth of 7% owing to demonetisation, while the enterprise and mobile segments grew by 30% and 40% respectively.

Our EBITDA stood at ₹ 901.4 million, compared to ₹ 1,019.2 million in FY2016. Profit after Tax

was reported at ₹ 532.27 million and after adjustment for exceptional item, it came to ₹ 570.07 Million. During the year, the Company provided for investment made in Wegilant Net Solutions Private Limited to the extent of ₹37.80 Million, as Wegilant Net Solutions Private Limited was considered as impaired. We have added this back as an exceptional charge. PAT in FY 2016-17 is slightly lower than ₹ 579.1 million in the previous year. We sold a total number of 6.2 million licenses during the year. Licenses sold to Retail, Enterprise & Government and Mobile segments were 5.2 million, 0.9 million and 0.13 million. As we witness growth in the enterprise and mobile segments, we hope to improve our margins, going ahead.

The Board approved a total dividend pay-out of ₹ 175.3 million for the year under review. This translates into a dividend of ₹ 2.50 per equity share, with face value of ₹ 10, amounting to a total dividend pay-out ratio of 37%, including the Dividend Distribution Tax.

Strengthening the Distribution Network

Our aim is to further strengthen our “already robust and dynamic” ecosystem of channel partners. The long-term relationships established with our channel partners enables us to deliver our solutions to a fairly large addressable market. We are further consolidating our pan-India distribution network through effective channel management activities and have a special focus on Tier II and Tier III towns, in India as well as exploring newer opportunities in Africa, Middle East and South East Asia, internationally. During the year, we maintained a strong control on market receivables and also took proactive measures to implement a robust policy for credit lines.

Regarding our R&D capabilities, we have established a strong reputation of being quick and responsive and that of taking care of the customers' interest at all times. Our focus on R&D certifications continued and we have been among the Top 5 thanks to our technical expertise and our ability to provide quick solutions on ransomware. Our advanced technology ensures our updates to customers are faster, lighter and more efficient. After-sales service also remained an area of thrust. We are also working on several ongoing technologies such as IoT and home security automation, etc. We executed a robust and multi-lingual after-sales technical support to cater to our customers, pan-India.

Making Investments, Building Capabilities

We continued to build resilience and increase our competitive advantages in the marketplace. We are making the right investments to build capabilities and invest in infrastructure, systems, technology and new products, and are at the cusp of a cyber security paradigm shift. For overall national security, we are looking to join hands to share, evaluate and acquire threat intelligence and to develop a robust operational framework to use this with security technologies. We have also partnered with Government of India in its project, Cyber Swachh-ta Kendra and helped in developing a Botnet Removal Tool.

We aim to ensure technological innovations in cyber security to secure national critical infrastructure from cyber criminals. Our consumer security segment has matured and turned into an 'S' curve. Our aim to implement and execute such 'S' curves across all the segments that we operate in. This will be done by adding more verticals, more segments and more customers.

Moving Ahead

With the rising need for IT security in India, our aim is to further augment the growth momentum in the future as well. We remain excited about the Company's growth prospects and are moving towards transforming ourselves as "a multi-dimensional company" by 2020. We have worked out a "Per Territory, Per Country" view on the overseas market. Elaborating on FY2018 priority areas, our mission is to supply tailored offerings to SMEs and enterprise customers and reach out more aggressively to the BFSI, healthcare and hospitality industries. Furthermore, we will develop and promote software-as-a-service model and free solutions for mobile devices.

New opportunities are being tapped in the domestic markets, and we are also expanding our presence in the international market through consistent brand-building initiatives. With a relentless focus, synergy and drive to excel and commitment to keep users protected at all times, we are enhancing our market competitiveness and expanding capabilities to achieve industry-leading growth and margins.

General Administration

During the year, for the way forward, your Board has made important strategic decisions which are aimed at furthering the growth strategy of the Company, inter alia, in product development, sales and marketing.

On behalf of the Board, I thank all our shareholders, senior management team and all our employees for helping us build a sustainable future together.

Warm Regards,

Kailash Katkar
Managing Director & CEO

Our Performance Scoreboard

Quick Heal

Security Simplified

We spent the year advancing our strategic initiatives and improving our market competitiveness. We expanded our product portfolio as we offered differentiated solutions to customers, thereby strengthening our brand presence in India and globally, creating a foundation for auxiliary growth.

LICENSES SOLD

5.2 Million

Retail

0.9 Million

Enterprise & Government

0.13 Million

Mobile Devices

COMPETENCE

13 Million

Attacks Blocked

118 Million

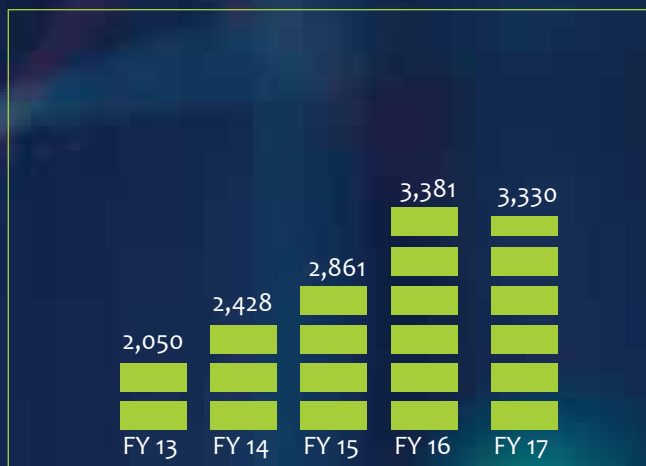
Attacks Blocked

26 Million

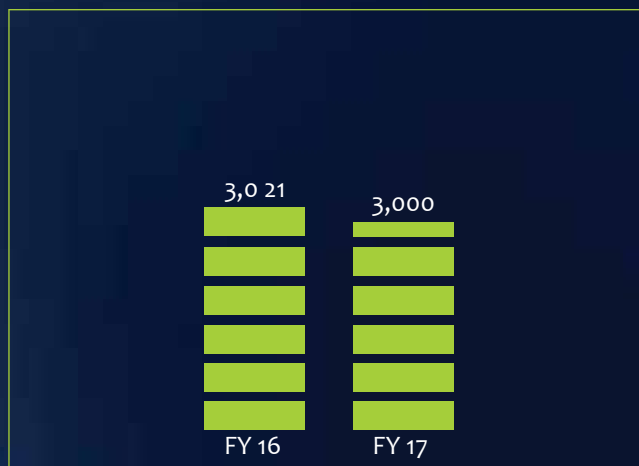
Malicious Apps Detected

Financial Scorecard

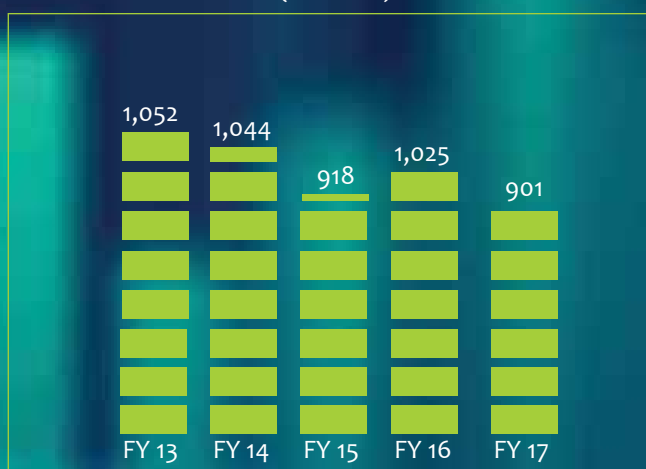
Revenue from Operations (IGAAP) (₹ Million)



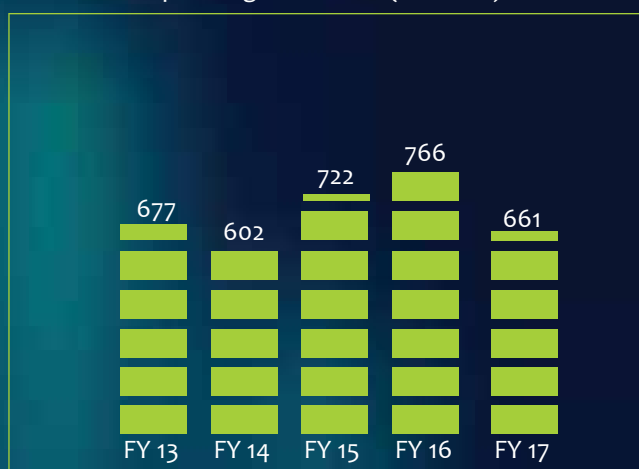
Revenue from Operations (IND AS) (₹ Million)



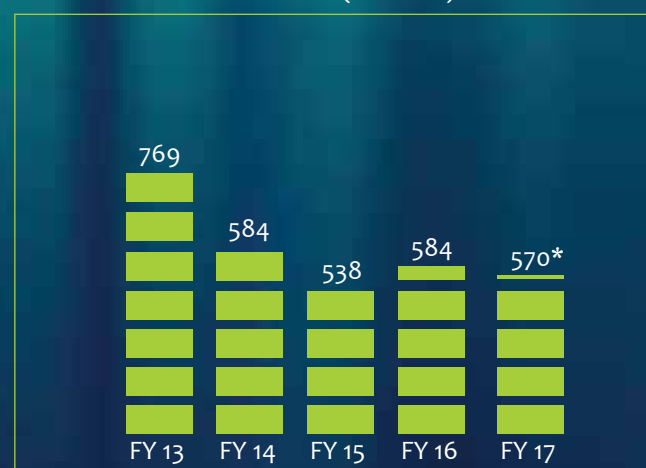
EBITDA (₹ Million)



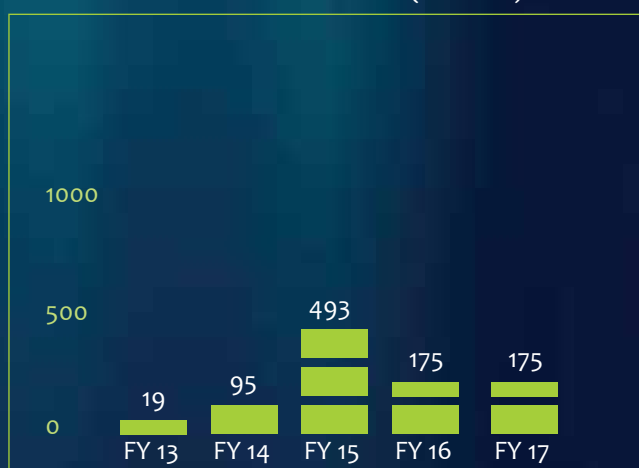
Operating Cash Flow (₹ Million)



Profit After Cash (₹ Million)



Amount of Dividend Declared (₹ Million)



*Excluding an exceptional item of ₹ 37.8 Million on impairment of assets

Corporate Information

Board of Directors

Mr. Kailash Sahebrao Katkar
Managing Director & CEO

Mr. Sanjay Sahebrao Katkar
Joint Managing Director & CTO

Mr. Abhijit Shantaram Jorvekar
Executive Director and
Vice President Sales

Mr. Shailesh Lakhani
Non-Executive Director

Mr. Sunil Vikram Sethy
Non-Executive Independent Director

Mr. Pradeep Vasudeo Bhide
Non-Executive Independent Director

Mr. Mehul Mulchand Savla
Non-Executive Independent Director

Ms. Apurva Pradeep Joshi
Non-Executive Independent Director

Registered Office

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

Corporate Identification Number

L72200MH1995PLC091408

Chief Financial Officer

Mr. Rajesh Ghonasgi

Company Secretary & Compliance Officer

Mr. Vijay Shirode

Statutory Auditors

M/s SRBC & Co, LLP,
Chartered Accountants,
C-401, 4th Floor,
Panchshil Tech Park, Yerwada,
(Near Don Bosco School),
Pune – 411 006, India
Tel: +91-020-66036000

Bankers

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

Registrar And Transfer Agents

M/s Link Intime India
Private Limited
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (W),
Mumbai-400078
Ph: 022-25963838, 25946970
E-mail: rent.helpdesk@linkintime.co.in

Audit Committee

Mr. Sunil Vikram Sethy
Chairperson

Mr. Kailash Sahebrao Katkar
Member

Ms. Apurva Pradeep Joshi
Member

Mr. P. V. Bhide
Member

Stakeholders Relationship Committee

Mr. Pradeep Vasudeo Bhide
Chairperson

Mr. Mehul Mulchand Savla
Member

Mr. Kailash Sahebrao Katkar
Member

Mr. Sunil Sethy
Member

Nomination And Remuneration Committee

Mr. Mehul Mulchand Savla
Chairperson

Mr. Sunil Vikram Sethy
Member

Mr. P. V. Bhide
Member

Corporate Social Responsibility Committee

Ms. Apurva Pradeep Joshi
Chairperson

Mr. Kailash Sahebrao Katkar
Member

Mr. Sanjay Sahebrao Katkar
Member

Grievance Redressal Division

cs@quickheal.co.in

Our Board of Directors



KAILASH KATKAR

MD & CEO

Promoter of the Company since incorporation



SANJAY KATKAR

Joint MD & CTO

Promoter of the Company since incorporation



ABHIJIT JORVEKAR

Executive Director and VP

Responsible for Sales & Marketing



APURVA JOSHI

Independent Director

Certified bank forensic accounting professional and anti-money laundering expert



PRADEEP BHIDE

Independent Director

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



MEHUL SAVLA

Independent Director

Serves as the Director of RippleWave Equity Private Limited



SHAILESH LAKHANI

Non-Executive Director

Serves as the MD at Sequoia Capital India



SUNIL SETHY

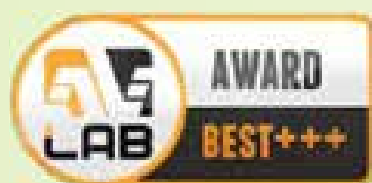
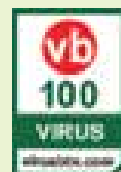
Independent Director

Comes from an experienced background in accountancy, finance, treasury, and legal departments

Awards & Accolades

Our awards and recognition are a good way for us to benchmark our performance. Our efforts have earned us a variety of awards and recognition. We are pleased to have been recognised for our progressive practices and contribution to the industry.

International Certificates



Technology Certifications

- AV Test, AV Comparatives
- VB 100
- ICSA Lab

Awards in 2017

- Seqrite Endpoint Security (EPS) and Quick Heal Total Security recognised as a 'Top Product' by AV-TEST Institute in their September-October 2016 test results
- Seqrite EPS Enterprise Suite Edition awarded the BEST+++ Award in their October 2016 results
- 'Top Trademark Driven Industry' award by CII in its Industrial Intellectual Property Awards
- Best Antivirus, 9th NCN Most Innovative Product of the Year Award
- Best Make in India Brand, 14th VARINDIA IT Forum
- 12th Annual Info Security PG's 2016 Global Excellence Awards, USA* Gold Winner for Product Development/Management Executive of the year* Silver Winner in the category of Security Products and Solutions for Small Businesses and SOHO
- ICSA Labs Excellence in "Information Security Testing" Award for the 5th consecutive year

A photograph of a modern office environment, likely a call center. In the foreground, a woman with dark hair is smiling at the camera while wearing a headset. She is seated at a desk with multiple computer monitors. In the background, other employees are visible working at their desks. The office has large windows and a bright, open atmosphere.

Expanding Frontiers and Strengthening Core Competencies

Our Focus Areas



Expanding
Reach & Distribution



Amplifying Technical
Support



Adding Verticals
and Diversifying Products

Our vision is to evolve into a multi-dimensional organisation by 2020. We have expanded frontiers in the enterprise segment by enhancing our product portfolio by launching Mobile Device Management (MDM) and strengthening end point and network security solutions. Seqrite Services was launched to cater to the growing need of Managed Security Services (MSS) of our enterprise customers. Our state-of-art security labs provided strategic counsel to customers by providing intelligence and threat predictions.

FY2017 has been a year of reinforcement. As an IT Security Organisation, we spent the year strengthening market leadership in areas where we command an edge and enhancing our capabilities in other segments. We reinforced our position in the marketplace by diversifying our products and services. Having established an 'S' curve in the retail segment, we are committed to add more such curves to our segments as well.

We are bringing our robust network and dynamic ecosystem of Channel Partners together to function as one single unit. We are adding more Channel Partners to further strengthen our distribution network in the Retail and Enterprise segments. During the year, we took proactive and pragmatic measures on market receivables and put in place a robust policy for better credit lines.

With unique consumer campaigns, we amplified brand awareness in all categories of towns by continuous engagement through various mediums of mass media.

We took special care in upgrading our 'after-sales' technical support services for our customers. We bolstered our branches in the four metros of India with more technical support centers. We also introduced multi-lingual support for our customers across the country.

A network diagram is shown on a textured, blue-grey surface. Numerous dark brown pins are stuck into the surface, and thin yellow lines connect them to form a complex web of triangles and polygons. The background is slightly blurred, showing more pins and lines extending into the distance.

Enhancing Strategic Competitiveness in the Retail Value Chain



15,093

Total Retail Partners

30%

Our Market Share in
Retail Segment

80.3%

Retail Contribution to
Total Revenues

We are strengthening our leadership in the Retail segment, backed by an established brand, robust distribution model, and a diversified and large portfolio of products. We continue to leverage our channel partner network to drive business growth.

The Retail segment contributed 80.3% to our total revenue of ₹ 2,999.7 million in FY2017. We continue to command a 30% market share in the consumer segment. We have more than 6.2 million licenses installed across 80 countries and over 5.2 million licenses are sold in the retail segment.

We are a customer-centric IT security solutions company, with an aim to provide easily deployable and trustworthy security solutions in the face of real-time risks. We are the preferred security solutions provider, offering solutions to home users, small offices and home offices. Our solutions are user friendly, effective and efficient, offering a superior user experience.

Our proprietary anti-virus technology detects security threats and virus attacks across various software platforms including Windows, Mac, Android, Linux; and devices such as desktops, laptops, mobile phones and tablets.

We have a strong distribution network to deliver our solutions across geographies. Our distribution network comprises of 15,093 Retail Channel Partners and 1,660 Mobile Channel Partners. Our objective is to retain and expand our user base in Tier 2 & 3 cities with customised offerings and a large and diversified portfolio of products, making us the industry leaders.



Scaling Higher and Growing our User Base in the Enterprise Segment

KEY FOCUS AREAS

Improve revenue share	Consolidate channel management activities
Expand range of security solutions	Cater to new SMB opportunities
Strengthen the sales team	Protect resources and communication channels

We are scaling up our presence in the Enterprise segment with a robust portfolio of diversified and affordable security solutions. We are improving our reach by adding more customers across geographies and segments, backed our state-of-the-art R&D capabilities, skilled manpower and domain expertise.

In the enterprise segment, we have established a strong presence in small and medium enterprises category through our affordable and broad-based security solutions. Our objective is to ensure SMEs, corporates and the Government spend less time worrying about Internet-based threats and network security, and more time focusing on their core business.

Our market share in the Enterprise segment improved to 10%. We continued to deliver robust growth by adding new accounts under the SMBs and the Government.

Despite being a new product, Seqrite Endpoint Security 5.0 is quickly gaining acceptance in the marketplace. Seqrite Terminator, targeted at the SMB segment, is a scalable product based on a web security engine and is fulfilling the holistic security needs of customers. With our robust network and security solutions, we aim to protect resources and communication channels for SMEs, Government establishments and corporate networks.

Our aim is to improve our revenue share in the Enterprise segment by expanding our range of security solutions (Data Loss Prevention, Encryption) in the SME segment and aim for future growth. We foresee good traction in the education, health and manufacturing sectors. Besides consolidating our channel management activities, we are developing logistics and strengthening our sales team to cater to new SMB opportunities.

A close-up photograph of a person's hand holding a smartphone. The phone is held over a laptop keyboard, which is visible in the lower right corner. The background is blurred, showing a desk and some papers. A semi-transparent dark green rectangular box is overlaid on the lower half of the image, containing white text. Below the text box is a solid green horizontal bar.

Creating Awareness and Value
Proposition through Constant
Innovation in the Growing
Mobile Segment



Our Strategic
Areas of Focus



Developing more
security apps



Increasing revenue
contribution



Enhancing market
competitiveness

Mobile security will remain a key area of focus at Quick Heal. We have a 360-degree view on the untapped segment. We aspire to continually enhance the market competitiveness of our mobile security products and expand our revenue contribution from this segment.

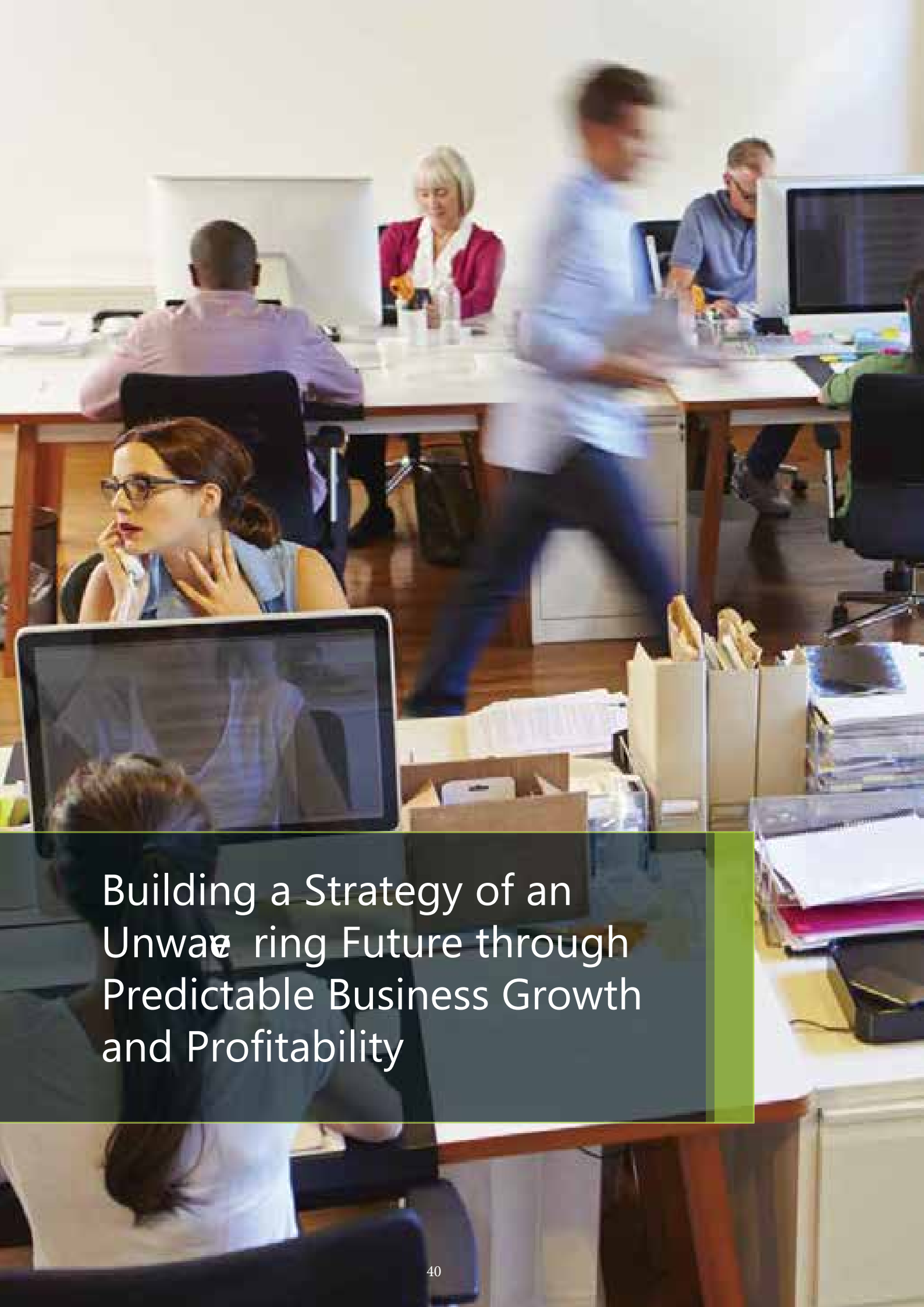
Our mobile security products are gradually gaining acceptance in the marketplace. With more and more customers understanding the need for security in mobile devices and a vast untapped market potential in the mobile device anti-virus segment, we foresee the mobile segment to contribute the highest to our revenues.

We continue to leverage the rising opportunities in the mobile segment, given the launch of new handsets. We also entered into agreements with distributors of smartphones for bundling the anti-virus solution into mobile devices at the time of sale. Besides offering free solutions, we continue to leverage the PC2Mobile Scan feature for clients.

New offerings

Our app for windows mobile-based smartphones is progressing on track. Our target is to develop more security apps for other devices and also to launch the Unified Threat Management (UTM) security appliances. Our plan is to also provide insurance for mobile security and handsets too.

Quick Heal Gadget Securace increasing product awareness for these solutions. In addition to viruses and malware, the insurance will also cover theft, burglary and damage to the mobile handset.



Building a Strategy of an
Unwaring Future through
Predictable Business Growth
and Profitability

What is contributing to Higher Margins?



Profitable business
model



Controlling R&D
costs



Positive operating
leverage



Stable development
cost

Building strong R&D capabilities, scaling the enterprise business and investing in infrastructure and systems is helping us achieve cross vertical business growth and margins. We are working on improving our margins with a “zero-debt” balance sheet and positive operating leverage and by controlling our development costs and other operating expenses.

Our Research & Development costs are now under control and there are no additional investments being incurred due to our foray into new product lines and for expanding our distribution network. Capital expenditure has been controlled at ₹ 350.10 million in FY2017, as compared with ₹ 360.50 million in FY2016. EBITDA stood at ₹ 901.4 million vis-à-vis ₹ 1,019.2 million in the previous year.

With an unswerving expansion of revenue base, a profitable business model, a positive operating leverage and no major expenditure on products, our EBITDA margins will further improve from their current levels. Stricter control on R&D costs and other operating expenses and stable development cost will also contribute to a rise in margins.

Moving ahead, we are laying a strong foundation for a sustainable future. We hope to earn 18% to 20% year-on-year growth in revenues and profitability. Further, as the enterprise and mobile device segment achieve scale and our existing products generate higher revenues, we expect our margins to register auxiliary growth.

Management Discussion & Analysis



Economic Overview

The Indian economy remains a bright spot in the global landscape. Data released by the Central Statistics Office showed Gross Domestic Product registered a growth of 7.1% during FY2017, compared with 8% in the previous fiscal year of FY2016. The International Monetary Fund (IMF) projected the growth to drop to 6.6% in 2016-17 due to temporary disruptions caused by the demonetisation of high-value currency notes in November 2016.

According to Paul A. Cashin, Assistant Director, IMF's Asia & Pacific Department, halving of global oil prices boosted economic activities in India, improved external current account and fiscal positions, and helped lower inflation. In addition to this, continued fiscal consolidation by reducing government deficits and debt accumulation, and an anti-inflationary monetary policy stance have helped cement the macro-economic stability. The impending introduction of Goods & Services Tax (GST) is creating a common Indian market, improving tax compliance and governance, and boosting investment and growth. It is also a bold new experiment in the governance of India's co-operative federalism.

IMF expects India to resume its growth path above 8% per annum in the medium term, since the short-term dislocation to consumption from demonetisation has passed away. The economy is expected to reach US\$ 5 trillion by FY2025, Morgan Stanley stated in its research note, expecting the per capita income to rise 125% to US\$ 3,650 by FY2025.

7.1%

India's Economic Growth
during FY2017

*The Indian economy
is expected to reach
US\$ 5 trillion by FY2025*



World's 7th Largest Economy

India's US\$ 2.2 trillion economy makes it the 7th largest in the world in terms of nominal GDP. With a per capita income of US\$1,700, India ranks well behind some of the key emerging markets such as China, Russia, Brazil, Indonesia, Philippines, Mexico, and Turkey. India – a country of around 1.25 billion people – is on a cusp of high growth. With a GDP growth rate that appears to outstrip that of China, it is already billed as one of the fastest growing/expanding markets in the world.

The global economic order is expected to shift from advanced to emerging economies over the next few decades, and by 2040 India could edge past the US to become the world's second largest economy in purchasing power parity (PPP) terms, according to a report of Price Waterhouse Coopers. According to the Report, E7 economies comprising Brazil, China, India, Indonesia, Mexico, Russia, and Turkey would grow at an annual average rate of almost 3.5% over the next 34 years, compared to just 1.6% for the advanced G7 nations of Canada, France, Germany, Italy, Japan, the UK, and the US. The E7 could comprise almost 50% of the world GDP by 2050, while the G7's share declines to only just over 20%, according to PWC's chief economist and co-author of the report, John Hawksworth.

7th

Ranking of India's Economy in the World

**In terms of nominal GDP*

5 Trillion

Projected size of Indian Economy by FY2025 (in US\$)



Industry Overview

Global Cyber Security Market

The global cyber security market is expected to reach US\$ 190 billion by 2025; up from US\$ 85 billion in 2016. This will be primarily driven by increasing digitisation wave and smartphone penetration, according to a report by Nasscom and the Data Security Council of India (DSCI) – “Growing Cyber Security Industry – Roadmap for India”. Enterprises and the Government constitute 80% of the market. While small and medium-sized businesses currently represent a smaller pool, they are expected to demonstrate the highest growth rates, driven by increased awareness and vulnerability to cyber-attacks, adoption of platforms such as BYOD (Bring Your Own Device) and increasing affordability of managed security services (MSS), the report said.

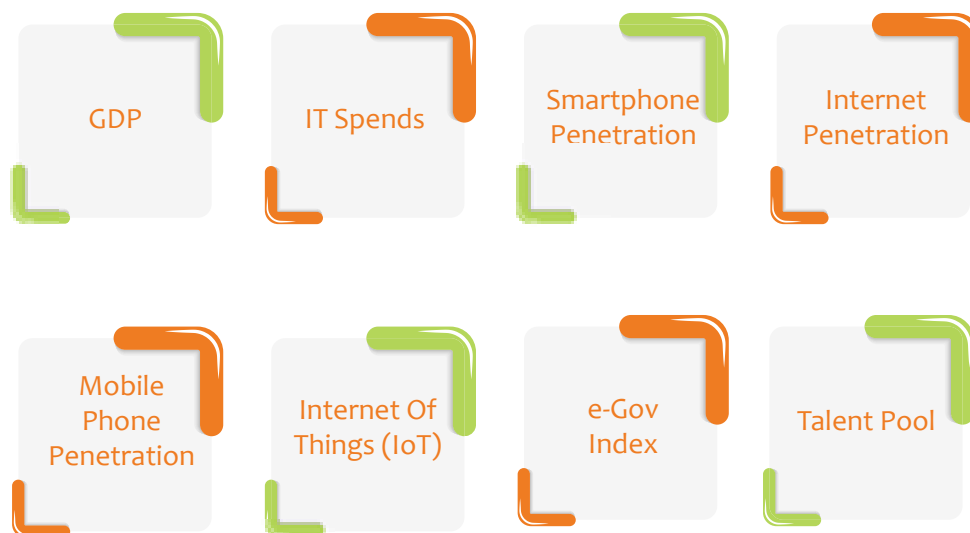
Global Cyber Security Market – Actuals and Projections

	2015	2016	2020	2025
R&D Market	5	6	7	10
Services	41	46	62	98
Products	38	42	55	80
Total	85	94	124	187
CAGR 2015 - 25: + 8.2 %				

Figures in US\$ Billion

Source: “Growing Cyber Security Industry – Roadmap for India” by Nasscom and the Data Security Council of India (DSCI)

Key Demand Drivers



Source: “Growing Cyber Security Industry – Roadmap for India” by Nasscom and the Data Security Council of India (DSCI)

Digital Universe – Shift to Emerging Markets

The mature markets constituted 60% of the digital universe in 2013. However, by 2020, the emerging markets including India, China, Brazil, Russia, and Mexico, are anticipated to account for 60% of the digital pie. India's share in the overall digital universe is estimated to double to 6% by 2020.

India's Share in Total Digital Universe (Projected)



“Safety first through security by design” should be the motto, the report said. Security by design ensures reduction in overall cost to the business and increases the efficiency of the system by making it robust and secure. It recommends that the Government, regulators and enterprises must ensure security by design in their strategies and implementation.

Information Security Market in India

Building an industry-ready workforce to ensure cyber security at workplaces together with conducting relevant awareness programs targeting people across all sections of the society would go a long way in promoting India as a hub for cyber security. The Government needs to sharply increase spending on cyber security to a level that matches the changes in digital threat landscape. Cyber threats are among the most imminent dangers to India's economic and national security that demand immediate action. It is important that the Government, industry and security vendors come together on a common platform to formulate and implement policies and procedures for cyber security.

A joint report conducted by Assocham and consulting firm PricewaterhouseCoopers titled “Recommendations – Cyber and Network Security” has stated that the Government should allocate adequate budget for cyber security related initiatives such as capacity building, training of the workforce, implementing awareness programmes, and promoting research and development. The Government should look at developing comprehensive and mature security policies to ensure that emerging technologies such as cloud and Smart Cities are protected from cyber threats and risks and help create a dynamic digital economy.

Number of Cyber Attacks

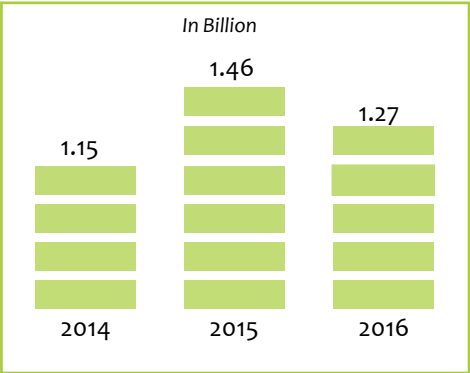
Around 3.2 million cards issued by Indian Banks are set to be replaced, or their holders have been asked to change their Personal Identification Numbers (PIN). According to an investigation by NPCI, 90 ATMs have been compromised till date, and at least 641 customers across 19 banks have lost ₹ 1.3 crore, as per a Special Report on cyber-attacks on the Indian banking sector by management consultancy firm, MitKat Advisory Services. The State Bank of India (SBI) will replace about 6,25,000 debit cards as a precaution, and customers will be compensated for losses, which are estimated to be around ₹ 10 lakh to ₹ 12 lakh.

Cyber Attacks in India

	Number of Cyber Attacks	Average cost suffered per attack
2013	71,780	11
2014	130,338	25
2015	278,912	57

Figures in Thousands

Windows Malware

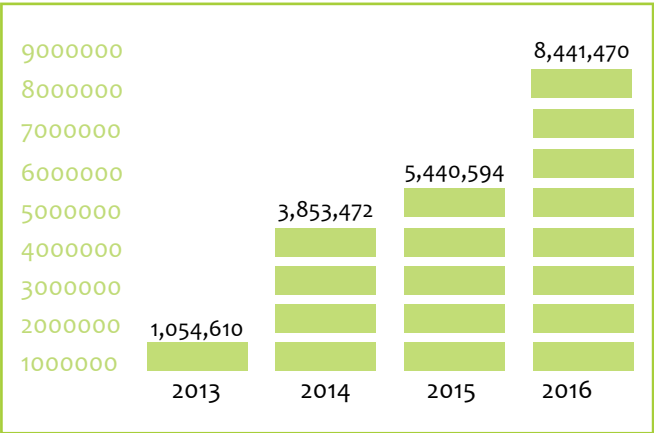


Source: Quick Heal Threat Report 2017

Android Malware

There has been a 50% increase in Android samples detection count. With increased usage of Android devices, malware targeting them have also grown at an enormous rate.

Android Samples Growth (2013-2016)



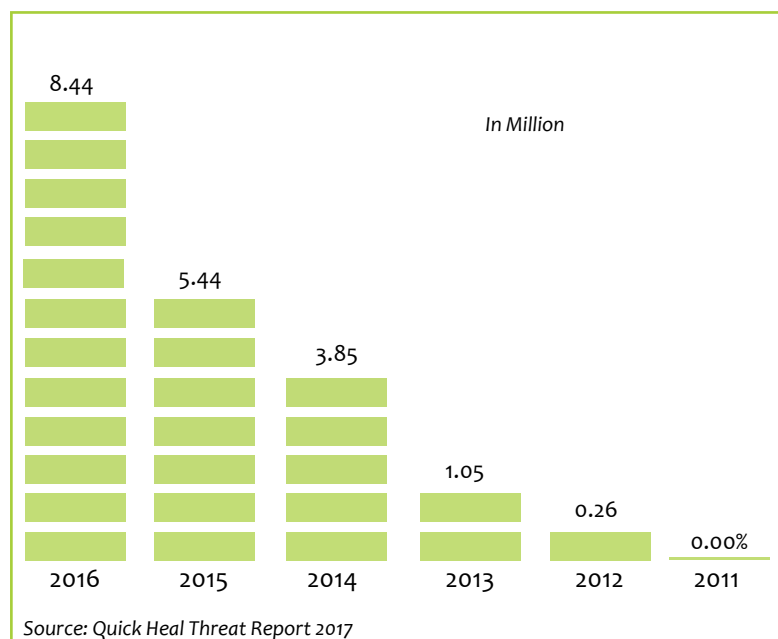
Source: Quick Heal Threat Report 2017



Distribution of Android Malware Detection by Country

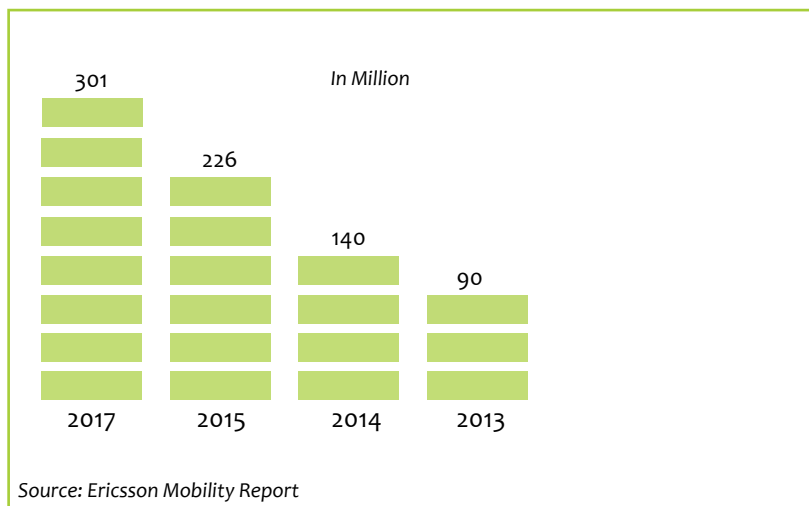


Rise in Android Malware





Rising Smart-phone Subscriptions

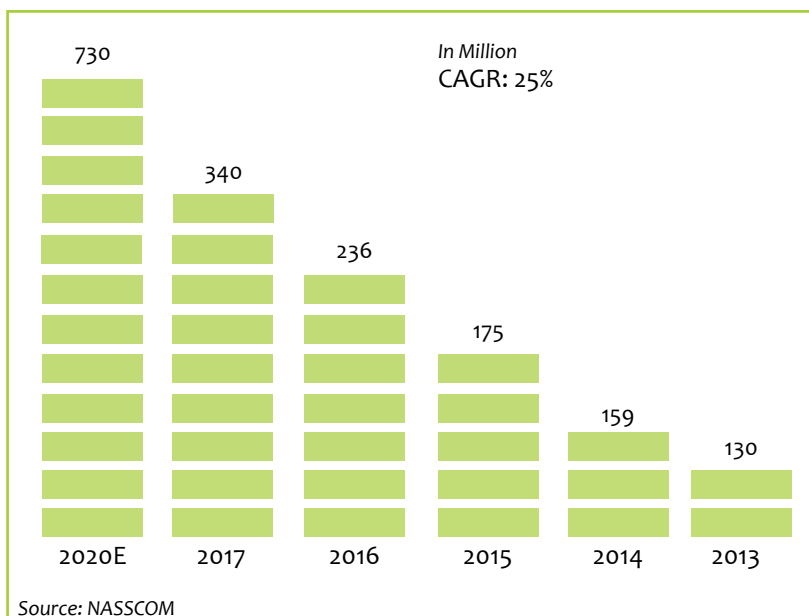


India's Internet User Base

India's Internet economy is expected to touch ₹ 10 trillion (US\$ 146.72 billion) by 2018, accounting for 5% of the country's GDP. The number of Internet users is expected to reach 450-465 million in June 2017, up from 432 million in December 2016, as per a report from the Internet and Mobile Association of India and market research firm IMRB International. The overall Internet population is currently around 31%. Urban India, with an estimated population of 444 million, already has 269 million (60%) using the Internet. Rural India, with an estimated population of 906 million, as per the 2011 census, has only 163 million (17%) Internet users.

Source: IBEF.org

Growing Mobile Internet User Base



Growing Mobile Internet User Base

India is estimated to have 730 million mobile Internet users by 2020, according to the latest report from NASSCOM, titled 'The Future of Internet in India'. While a majority of this number will belong to the urban areas, rural India is said to hold the potential to further fuel the growth of mobile Internet in the years to come.

PC Installed Base in India

The size of the personal computer (PC) market in India shrunk 15.2% year on year in 2016 to 8.58 million units – from 10.12 million in 2015, according to International Data Corporation. The drop is attributed to subdued consumer demand and cash crunch following demonetisation of high-value currency notes in November 2016. The year witnessed muted investments and delayed spendings from the government segment. However, given that nearly 50% of the PCs in India are not protected, the opportunity for PC protection continues to be high. The Government of India recently launched an ambitious project called Cyber Swachhta Kendra (CSK) – a Botnet Cleaning and Malware Analysis Center. Developed as an essential part of the Digital India initiative to secure the cyber ecosystem of the country, CSK has been set up to analyse botnet infections, notify affected users, help them clean such infections, and prevent such incidences in the future. Its website offers a number of security tools – one of which is a Botnet Removal Tool – developed in collaboration with Quick Heal Technologies. According to spamhaus.org, India ranks 2nd among the 10 worst botnet infected countries. Cyber Swachhta Kendra (CSK) is a major move by the Indian Government to aid the global effort taken by other countries in the fight against botnets and we at Quick Heal find ourselves honored to join hands with CERT-In in protecting our citizens from such threats.

Mapping the Global Security Landscape

Nasscom and DSCI have constituted the Cyber Security Task Force (CSTF) to develop a roadmap for India becoming a global hub in cyber security. The global cyber security market is expected to reach approximately US\$ 190 billion by 2025, up from US\$ 85 billion today. It is expected to be driven primarily by the increasing digitisation wave and smartphone penetration. The market is expected to grow at a CAGR of 8.2% during 2015-2025.

The India Security Landscape

India's cyber security market size is about US\$ 4 billion and is expected to grow nine-fold to US\$ 35 billion by 2025, according to the Data Security Council of India, given that the IT industry is expected to achieve a size

of US\$ 350-400 billion by 2025. The move to build local cyber security expertise comes as the security increases its focus on Digital India, a campaign mooted by Prime Minister Narendra Modi to use technology for offering government-to-citizen services. India is building a platform for homegrown cyber security companies in a bid to build indigenous expertise in security technologies and help local firms to tap a larger pie of the country's digital security technology budget.

Indian IT Security Market Spend

Enterprise security spending (hardware, software and services) in India touched US\$ 1.12 billion in 2016, up 10.6% from US\$ 1.01 billion in 2015, according to market research firm Gartner. Security spending revenue is expected to reach US\$ 1.24 billion by 2017, predicts Gartner. Security services (includes consulting, implementation, support, and managed security services) revenue accounted for 61% of this total revenue in 2015, and this proportion will increase to 66% by 2020.

Several organisations in India are now realising that a purely technology centric approach to their security strategy will not suffice. As a result, many organisations are beginning to pay equal emphasis on the people and process elements. In the context of digital business, the people and process elements of security and risk management are becoming extremely important.

IT Security Market Spend in India

2014	1.02
2015	1.01
2016	1.12
2017	1.24

Figures in US\$ Billion
(Source: Statista.com)

Indian IT Security Market

Total spending on IT by banking and security firms in India is expected to grow 8.6% year-on-year to US\$ 7.8 billion by 2017. India's internet economy is expected to touch ₹ 10 trillion (US\$ 146.72 billion) by 2018, accounting for 5% of India's GDP.

Source: *ibef.org*

As per the NASSCOM and DSCI Cyber Security Roadmap report, the Indian IT industry has charted out a Vision 2025 to grow the Indian cyber security products and services industry to US\$ 35 billion, create one million cyber security jobs and 1,000 cyber security start-ups by 2025.

Source: *varindia.com*

The evolving nature of attacks and motives behind them pose a threat not only to national initiatives such as smart cities, e-governance and digital public identity management, which rely extensively on information and communication technologies, but also to enterprises and consumers. The demand for cyber security solutions stems from a host of audiences, with varying requirements, ranging from warfare, espionage or national defence to the protection of intellectual property and employee, customer, and personal information across all industries, such as financial services, telecom, infrastructure, transportation, and healthcare, among others.

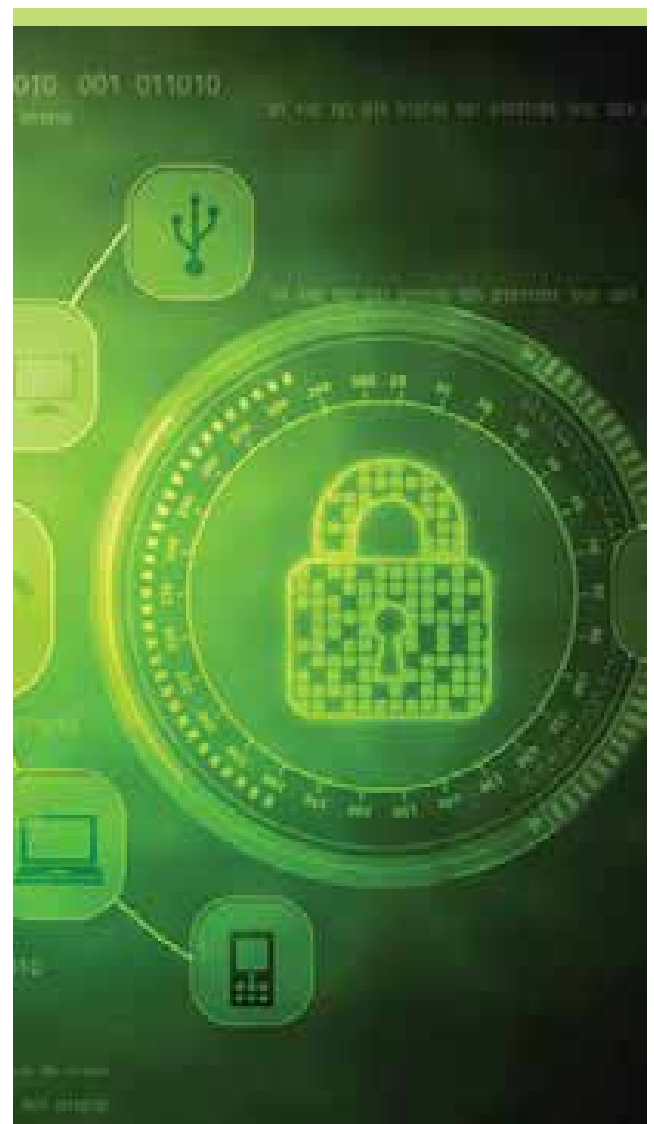
IT Security Product Segments

Cyber security comprises a host of products and services tailored to address the specific needs of various industry verticals. Cyber security products are split into six main categories: Identity and access management (IdAM); endpoint security; web security; messaging security; security and vulnerability management (SVM); and network security. On the other hand, cyber-security services are divided into four main categories: Implementation; managed security services (MSS); consulting; and education and training.

SMB – Key Growth Driver for IT Security

The Global Cyber Security Market is expected to grow at a CAGR of above 8.2% from US\$ 94 billion USD in 2016 to US\$ 187 in 2025, according to the Data Security Council

of India (DSCI). India's cyber security market is largely driven by the growing digitisation of data in the business sphere and compliance-led demand for security solutions in small and medium sized businesses. Several factors which have enabled the cyber security market grow include rise in online transactions, increase in commercial establishments, growth in IT and IT services and mounting start-ups across industries in the BFSI domain. In addition, the Digital India and Smart City development campaigns have positioned the market with a great potential.



Future Market Opportunities

- *Digital India: Creating a digitally empowered society*

India is undergoing a digital transition; from buying movie tickets to checking health reports, from shopping to Government services, everything is getting digitised. The Government has launched 'Digital India' initiative which is further moving the economy towards a Digital Revolution. This includes initiatives to implement Digital lockers, e-KYC60, UPI61 for promotion of digital economy and digitisation of various Government-to-Citizen services such as Passport, Aadhaar ID, and Driving Licenses, among others, where the processing is done online.

Digital India aims to transform India into a digital empowered society and knowledge economy. India currently has close to 400 million Internet users. The Digital India programme envisions the creation of a digitally empowered economy and e-governance and services on demand to improve access of information as well as resources for citizens. India has embarked on a series of transformative initiatives including Aadhaar, demonetisation and Digital India to hasten India's transition from an analog to a digital economy. Expanding digital transactions in our economy has obvious advantages, and hence, the creation of digital payments ecosystem needs to be well planned. However, these goals are not achievable unless India dramatically improves its cyber security infrastructure.

With push for digital payments and many other governance reform initiatives under way, India needs to buck up on data security. As government policy and programmes are increasingly moving to digital platforms, citizens could find themselves vulnerable to data misuse and without any rights to protect that information and data. India is among the top five nations most vulnerable to cyber-attacks.

- *Digital and Cashless Economy*

The Government of India is running a drive to encourage citizens to do cashless transactions. The plan is to introduce new and enhanced methods of cashless transactions such as credit/debit cards, Internet/mobile banking and mobile wallets. Demand for mobile wallets has increased multi-fold. Launch of UPI and associated apps like BHIM62 will encourage citizens to go cashless. This drive will result in more transaction points like Point-of-Sale (POS) and people adapting to UPI type apps / mobile wallets, which will further push users to adopt an overall connected lifestyle with use of smartphones/ tablets or PCs.

The 'Digital India' initiative is further moving the economy towards a Digital Revolution.

• Growing Bandwidth and Mobile Penetration

With increase bandwidth demand, 4G launch and fibre optics reaching homes, India is witnessing a bandwidth revolution. Currently, India is the 2nd largest telecom market in the world with 1.05 billion subscribers out of which 1.03 billion use wireless means to communicate. There is an exponential rise in terms of Internet users as well as smartphone users in the country. In the recent past, ISP/ Telcos have offered free Internet for users increasing the overall bandwidth consumption, smartphone demand and need for high-speed Internet.

• Increasing Penetration of IoT

The number of connected devices is phenomenally increasing globally, and it is expected to cross 20 billion mark by 2020, as per a prediction by Gartner. India is fast catching up with the adoption of IoT devices. As per a recent report, the IoT market in India stands at US\$ 5.6 billion with 200 million connected units in 2016. This is expected to grow to US\$ 15 billion with 2.7 billion units by 2020.

(www.deloitte.com)

• Cyber Security Plan: Essential in Smart Cities

“Smart City” is not only an ambitious initiative by the Government, but has become a vision for many organisations, especially those which by way of their expertise and offerings can get associated with the initiative. “Smart City” will impact the way people will live, work and grow and will be a true example of a “successful democracy”. Smart City will be an amalgamation of multiple cutting-edge products, solutions and services which are right now catering to their respective customers. While the Government has planned to develop 100 Smart Cities in the country, it could lead to a massive and quick expansion of Internet of Things (IoT), as Smart City projects are frequently driven by mass deployment of IoT-enabled devices. According to Gartner, IoT can be extensively beneficial for Smart City projects and by 2020, 20 per cent of Indian Smart City initiatives will introduce IoT-enabled Smart City solutions to resolve or mitigate transportation-related urban issues.

The cyber security element should be included right from the planning phase of a “Smart City” and not an afterthought. The city planners can refer to how cyber-



security issues are handled by industries and enterprises. To keep “Smart Cities” safe, a state of readiness is required, which includes designing and implementing a cyber-threat intelligence strategy which will be extended to the entire ecosystem, including partners, suppliers, services, and business networks. A “Smart City” should adopt a cyber-economic approach in terms of understanding the vital assets and their value, investing in securing them and using forensic data analytics and cyber threat intelligence to analyse and anticipate where the potential threats are coming from and when.

The world is experiencing an evolution of Smart Cities. These emerge from innovations in information technology which, while they create new economic and social opportunities, pose challenges to security and privacy. Smart energy meters, security devices, and smart appliances are being used in many cities. City infrastructures and services are changing with new interconnected systems for monitoring, control and automation. Intelligent transportation, public and private, will access a web of inter-connected data from GPS location to weather and traffic updates. Integrated systems will aid public safety, emergency responders and in disaster recovery. Privacy protecting systems that gather data and trigger emergency response when needed are technological challenges that go hand-in-hand with the continuous security challenges. Their implementation is essential for a Smart City.

- *Internet of Things: Changing the Cyber Security Landscape*

The Internet of Things (IoT) is the network of physical objects accessed through the Internet that can identify themselves to other devices and use embedded technology to interact with internal states or external conditions. The IoT is an environment where an object that can represent itself becomes greater by connecting to surrounding objects and the extensive data flowing around it.

Currently, more things are connected to the Internet than people, according to an infographic from Cisco. It goes on to say that 25 billion devices are expected to be connected by 2015 and 50 billion are slated to connect by 2020. In this quickly evolving world, all the things that connect to the Internet are exponentially expanding the attack surface for hackers and enemies. A recent study showed that 70% of IoT devices contain serious vulnerabilities. There is undeniable evidence that our dependence on interconnected technology is defeating our ability to secure it.

Future Outlook

Social, Mobility, Analytics, and Cloud (SMAC) are collectively expected to offer a US\$ 1 trillion opportunity. Cloud represents the largest opportunity under SMAC, increasing at a CAGR of approximately 30% to around US\$ 650-700 billion by 2020. The social media is the second most lucrative segment for IT firms, offering a US\$ 250 billion market opportunity by 2020. The Indian e-commerce segment is US\$ 12 billion in size and is witnessing strong growth and thereby offers another attractive avenue for IT companies to develop products and services to cater to the high growth consumer segment.

A host of malware is seen on the rise in India. Malware like Stuxnet, Duqu, Flame, Uroburos/Snake, Blackshades and many others are seen making their way for network disruption. India will possess a lot of intellectual property by the end of 2018. With an exponential growth in FDI and MNCs eager to ride the digitisation wave in India, India will be a tempting target for cyber-attacks.

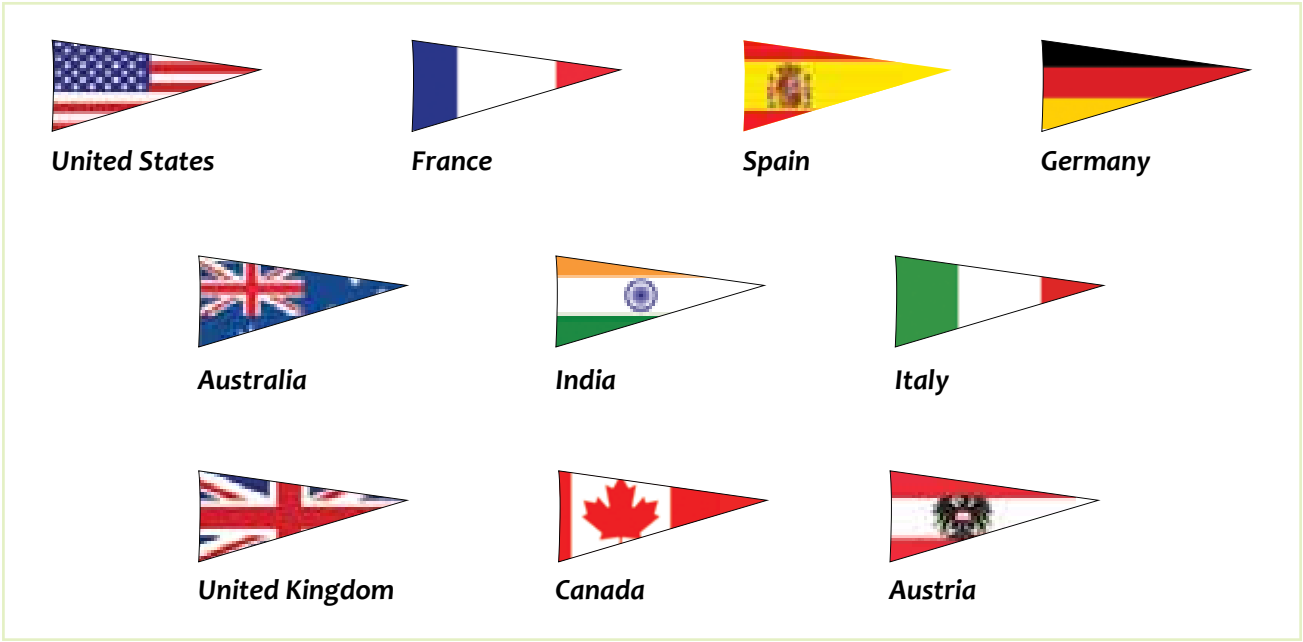
Recently, India has been hit by Ransomware attacks which have been continuously penetrating India's Internet ecosystem and blocking data for ransom. Ransomware distribution between January 2016 and November 2016 increased by 267%. This is an unprecedented domination of the threat landscape like nothing we've seen before.

Top three Ransomware Families in 2016

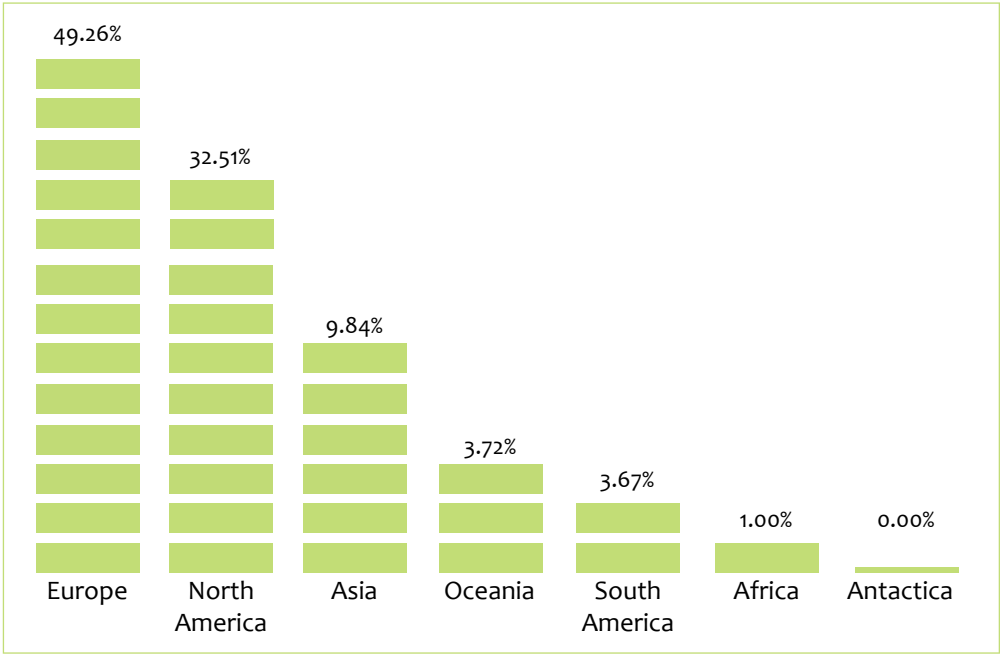
1. *TeslaCrypt*
2. *Locky*
3. *Cerber*



Top 10 Countries by Ransomware



Ransomware Detection by Continent



Source: Malware Bytes State of Malware Report 2017



Company Overview

About Us

Incorporated in 1995, Quick Heal Technologies Limited (QHTL) is a security company in the Indian IT Security Software space. We are one of the leading providers of high quality, feature rich security software products and solutions. Our proprietary antivirus technology, under the brand names “Quick Heal” and “Seqrite”, detects security threats including virus attacks across software platforms (Windows, Mac, Android, and Linux) and devices (including desktops, laptops, mobiles, and tablets).

Over the years, we have developed various product suites to address the differentiated needs of retail, enterprise and mobile security markets. We have over 7.8 million active licenses of products installed across more than 80 countries, as compared to 7.3 million licenses in March 2016. Our user-friendly solutions can be accessed with minimal effort, offer a superior user experience, and are available across multiple price points.

Year on Year Change in Revenue*

	Retail	Enterprise	Mobile	Total
FY2014	2,122.2	275.3	30.9	2,428.4
FY2015	2,480.6	372.0	8.6	2,861.2
FY2016	2,882.2	437.1	61.4	3,380.7
FY2017	2,674.6	569.6	85.7	3,329.8

*Based on Ind GAAP numbers
Figures in ₹ Million

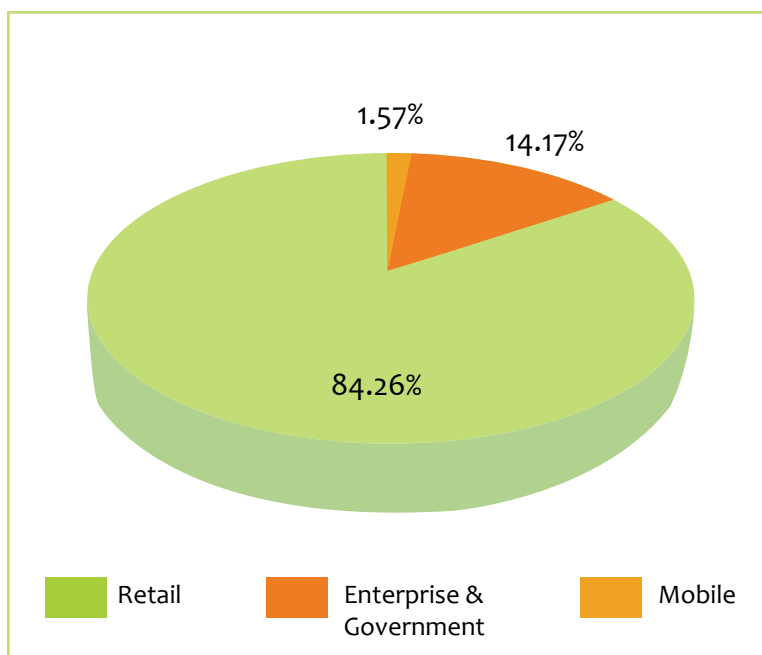
What we Provide:

- *Desktop and laptop security*
- *Mobile/smart-phone security*
- *Endpoint security*
- *Gateway security*
- *Network security*
- *Cloud-based mobile device management systems*
- *Data loss prevention systems*
- *Family safety software*

Our End Customers

- Home users
- Small offices and home offices
- Small & medium sized businesses
- Enterprise
- Educational institutions
- Government agencies and departments

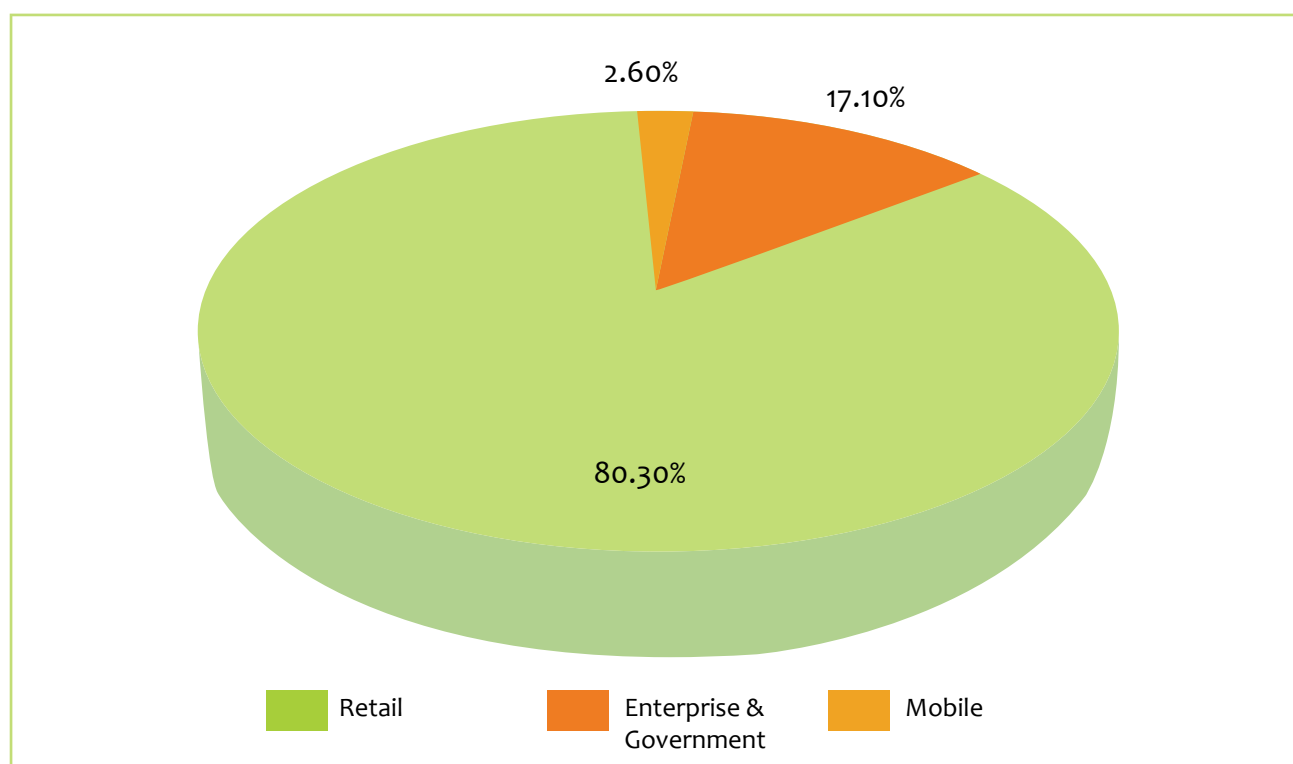
Break-up of Active Licenses



Key Strengths

- Proven technology of over 22 years
- Comprehensive product offering across segments, platforms, and devices
- Products addressing all security needs
- Extensive distribution network across business segments
- Superior customer support

Current Revenue Mix (%)



Our Products – Operational Review

1. Retail Security Segment

We continue to be the leaders in the retail/consumer security market with 7.8 million active licenses across 80 countries. Cash demonetisation in November, 2016 had impact on customers as well as the partners. The product activations dipped in Q3 of FY2017 and recovered to normal pattern at the end of Q4. This had a direct impact on the retail revenues in Q3 and Q4. We also observed that cash demonetisation impacted cash flows in tiered partner ecosystem. The slowness in recoveries also caused slowness in business in Q4. The product activations have recovered to a usual pattern at the end of Q4. Our number of active retail licenses grew by 9.3% to 6.6 million. Anchored by an extensive, continuous R&D investments, strong and pan-India distribution network of channel partners, we are sustaining leadership in the consumer security solutions space. Our user-friendly software solutions are structured in a manner that they can be accessed, installed and used with minimal effort and limited technical knowledge.

2. Enterprise and Government Segment

We preserved our vigorous and sturdy presence across product segments in the enterprise security solutions space. We further improved our reach by adding more customers across industries and geographies. During the year, number of active licenses grew by 11.87%.

With higher acceptance of brand Seqrite among small and medium-sized businesses (SMBs) and emerging enterprises, we sharpened our focus on the enterprise segment. In the Government category under Enterprise, we continued to record robust growth by adding new accounts across sectors.

Sustaining Leadership in Consumer Business Segment

	No of Active Licenses ('000)
FY2013	3,864
FY2014	4,744
FY2015	5,346
FY2016	6,050
FY2017	6,612

Expanding Focus on Enterprise Segment

	No of Active Licenses ('000)
FY2013	487
FY2014	590
FY2015	640
FY2016	994
FY2017	1,112

Comprehensive Product Portfolio

- Seqrite Enterprise Cloud Platform
- Seqrite Endpoint Security
- Seqrite Terminator
- Seqrite Mobile Device Management
- Data Loss Prevention
- Seqrite Secure Chat

Under the Seqrite brand, we launched products targeted at SMBs and emerging enterprises which are cloud enabled. Our enterprise products use Seqrite Cloud which is an integrated solution that enables management and regulation of multiple endpoint security and TERMINATOR products deployed at different geographical locations.

Enterprise Security Market		
Endpoint Security	Unified Threat Management	Mobile Device Management

3. Mobile Security Segment

The mobile security space, in which we made a foray in FY2015, witnessed a 13% fall in the number of licenses sold during FY2017, due to the volatile nature of this business. The number of licenses sold fell from 145,000 in FY2016 to 126,000 in FY2017. However, the revenues from this segment increased 40% from ₹ 61.4 million in FY2016 to ₹ 85.7 million in FY2017, owing to the insurance product offered along with the antivirus solution.

The opportunities in this segment are rising with the release of new mobile handsets. In addition to home users, we are also serving the Enterprise segment through this product category served through 491 Channel Partners. Our products are developed and suited to the differentiated needs of our customers. We have devised a 360-degree approach and have a holistic view on the category.

Performance of Mobile Security Segment

	No of Active Licenses ('000)
FY2013	33
FY2014	115
FY2015	330
FY2016	279
FY2017	123

Strong And Diversified Channel Network

We have established a robust and diversified network and a dynamic ecosystem of Channel Partners to reach our end-customers in India and globally. Currently, our distribution network consists of 15,093 retail channel partners and 491 enterprise channel partners, 102 Government and 1,660 mobile partners. In addition to this, we have a strong internal sales and marketing team comprising 396 employees working closely with our Channel Partners to identify new sales prospects, sell solutions and provide after-sales support.

We have established strong, sustainable and long-term relationships with our Channel Partners. Our robust distribution model helps us deliver solutions to a large addressable market, distributed across a broad geographic spectrum.

During the year under review, we consolidated our Channel Management activities by further strengthening the distribution network. We added Channel Partners across our product categories – Retail, Enterprise, and Mobile. We also implemented systems and proactive measures to ensure a stronger control on our market receivables and set up a robust policy for credit lines.

Our Extensive Network			
63 Offices & Warehouses		35 Indian Cities	
15,093 Retail Channel Partners	491 Enterprises Channel Partners	102 Government Network	1,660 Mobile Channel Partners

Research & Development

We have a Development Centre at Pune with 36% of the employees in the R&D team. The R&D Team comprises of the following segments:

1. **Business Logic Team:** Helps in building product roadmaps and devising appropriate strategies
2. **Product Development Team:** Responsible for the design and development of various products and solutions
3. **Incidence Response Team:** Responsible for any emergency situation/incident at any enterprise security infrastructure
4. **Threat Research and Response Team:** Takes part in detection of and removal of reported viruses and malware
5. **Internet of Things Security Team:** Creates product and solutions for home automation security
6. **Quality Assurance Team:** Provides systematic measurement, standard evaluation and monitoring of processes

R&D Certifications

Quick Heal Total Security for Android (v2.01) gives 100% malware detection – Latest AV-Test results.

Technical Support

We provide efficient multi-lingual and instant technical support, after-sales service and effective guidance to domestic and overseas customers. These services are provided through skilled and trained technicians by the four Support Centers set up in the four metros of India.

We provide one of the most reliable and affordable tech support services to customers. Our Technical Support Team handles escalated calls, remote and onsite trouble shooting, and problem reporting through our 24-hour toll free numbers. We also provide pre-sales tech support and a high level of customer satisfaction in a timely manner.



Business and Promotion Strategy

1. To amplify our consumer reach, we made our presence visible in TV by capitalising on our association with prime time shows such as Super Dancer, Indian Idol and many other popular regional shows.
2. In early March 2017, we joined hands with CERT-In and developed a Bot Removal Tool as part of the project called Cyber Swachhta Kendra (CSK) - a Bot-net Cleaning and Malware Analysis Center.
3. Quick Heal associated with Indian Premier League (IPL) team Rising Pune Supergiant where we rolled out an IPL themed campaign across OOH, digital and social media channels. We acquired the rights to feature images of Rising Pune Supergiant (RPS) team players in our marketing campaigns during the IPL season and launched short-burst contests to keep our target audience engaged.
4. We teamed up with RPS as their Security Partner and to maximise our partnership, we transformed the existing 'Quick Heal Khareedo, Gaadi Jeeto Contest' to an IPL themed contest called 'Quick Heal Innings Sure Shot Winnings' widening the array of gifts for our consumers. So far we have had 26,570 registrations with Maharashtra leading as the top state and Kolkata, the top city. With IPL already garnering a global viewership, our partnership offered a strong platform to showcase our capabilities as one of the best IT Security Solutions available in the country.
5. We have increased our focus on Tier III partners and we have started a portal so that the TIII partners can connect directly with the Company.



Awards & Achievements

- 2017: Quick Heal Total Security for Android (v2.01) gives 100% malware detection – Latest AV-Test results
- 2016: Seqrite Endpoint Security (EPS) and Quick Heal Total Security recognised as a 'Top Product' by AV-Test Institute in their September-October 2016 test results
- 2016: Seqrite EPS Enterprise Suite Edition awarded the AVLab BEST+++ Award in their October 2016 results
- 2016: 'Top Trademark Driven Industry' award by CII in its Industrial Intellectual Property Awards
- 2016: Best Antivirus, 9th NCN Most Innovative Product of the Year Award
- 2016: Best Make in India Brand, 14th VARINDIA IT Forum
- 2016: 12th Annual Info Security PG's 2016 Global Excellence Awards, USA * Gold Winner for Product Development/Management Executive of the year * Silver Winner in the category of Security Products and Solutions for Small Businesses and SOHO
- 2016: ICSA Labs Excellence in "Information Security Testing" Award for the 5th consecutive year
- 2015: IMC Information Technology Award for Excellence in Information Technology Products for small and medium enterprise category, awarded by Indian Merchants Chamber
- 2015: Mumbai Hot 50 Brands in the B2C category, awarded by OneIndia
- 2014 – 2015: DQ Channels India's Most Popular Vendor
- 2014 and 2015: CRN Channel Champions, Client Security awarded by United Business Media
- 2012, 2013 & 2014: Quality Brands, awarded by Quality Brand Times
- 2012: Maharashtra Corporate Excellence Awards, by Maxell Foundation
- 2008, 2009 & 2010: CRN Channel Champions, Antivirus Segments awarded by United Business Media
- 2010: Tech Life – The Lifestyle and Gadgets Awards, awarded by NDTV
- 2010: SME Awards for Best SME Innovation awarded by Business Today
- 2010: Deloitte Technology Fast500 Asia Pacific awarded by Deloitte
- 2010: Deloitte Technology Fast50 India awarded by Deloitte

We consolidated our Channel Management activities by further strengthening the distribution network and added Channel Partners across our product categories.



Human Resources

People have always been the key competitive advantage at Quick Heal. HR, as a development function, plays a more strategic role in participating and aligning with the corporate strategy. It is committed to help business develop a competitive advantage, which involves building the capacity of the company to offer unique solutions. From hiring talent to creating value proposition for the workforce to be committed, complete Talent Management solutions are facilitated in-house.

Our HR processes and policies are designed around 'people' to strategically manage business requirements. HR is positioned as internal consultants to help, managers deliver quality and effective solutions, and compete globally through right talent. It is developmental in orientation and ensures needs are identified and addressed in time to build capabilities. This is driven through a framework ensuring appropriate and relevant subject knowledge is provided to enhancing technical and functional skills to be future ready.

Innovative strategies to increase employee commitment to the organisation are used. New opportunities, cross functional movements, increased responsibilities, and market exposure are few of the activities to enhance commitment in a way to increase excitement and embrace change.

Human Resource plays a more strategic role in participating and aligning with the corporate strategy. It is committed to help business develop a competitive advantage, which involves building the capacity of the company to offer unique solutions.





Financial Overview

During the year, the Company has implemented Ind-AS (i.e., IFRS based revised accounting standards, as prescribed by the law). For previous years, we had reported in Indian GAAP. As such, this has been shown by re-setting, recasting or re-grouping past years data so that current and previous year's data can be evaluated equitably.

Revenue from Operations

Revenue from operations dipped by 0.7%, from ₹ 3,020.90 Million in FY 2016 to ₹ 2,999.73 Million in FY 2017. The main reason for this drop, was the demonetisation during November 2016, and the consequential impact on various parts of the Retail trade. Our Retail trade extends to actual households which consume our product, and the sudden change and withdrawal of certain currency notes had an impact on the trade, as purchases slowed and dealers had to work with lower movement of stocks. During this period, i.e. H2, while lower priced products got affected in volumes, premium products have maintained their momentum.

The Retail, Enterprise & Government, and Mobile segments accounted for 80.3%, 17.1% and 2.6% shares respectively of the total revenues, in FY 2017, displaying a reduction of 7% in retail, and a growth of 30% and 40%, in the Enterprise & Government and Mobile segments.

The number of licenses sold by the Retail, Enterprise & Government and Mobile segments, stood at 5.2 Million, 0.9 Million and 0.1 Million licenses, with a share of 82.2%, 15.9% and 1.9% respectively.

Finance Income

Finance Income was ₹ 244.20 Million for FY 2017, as compared to ₹ 65.41 Million for FY 2016. Major reasons for the change were:

1. Interest income on deposits, which are largely on account of the funds generated during the IPO, and which are being utilised for the purposes stated in the IPO documents, net increase of ₹ 144.59 Million.
2. Interest on refund of past Income Tax payments, which were successfully recovered ₹ 28.07 Million.
3. Dividends on mutual funds, where funds generated by the Company have been kept, based on the Investment Policy of the Company, net amount, ₹ 10.99 Million.

Other Income

Other income represents income covering heads like gain on value of investments, gain on sale of assets, miscellaneous income, etc. This income was ₹ 40.31 Million for FY 2017, as compared to ₹ 33.62 Million for FY 2016,

an increase of 19.9%. Major heads and reasons were:

- Increase in fair value of investments in mutual funds (these are conservative, fixed income investments only), as per Ind-AS, at ₹ 3.82 Million.
- Miscellaneous Income, at a net increase ₹ 7.29 Million., which consists of rent (₹ 0.9 Million), reversal of past debt provisions (₹ 2.4 Million), Advertising income from our free mobile app. (₹ 1.80 Million), Recovery of certain duties (₹ 1.57 Million), and certain insurance claims recovered (₹ 0.62 Million).

Operating Expenses

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

Employee Benefits expenses

The Company's Employee Benefits Expenses grew to ₹ 1,028.05 Million in FY 2017 from ₹ 866.60 Million in FY 2016, an increase of 18.6%. This change is reflected on a full year-on-year basis. If one looks at the Employee cost on a quarter to quarter basis, from Q4, of FY 2016 to Q4, of FY 2017, it will be seen that the total number of employees was fairly stable: at 1,374 people as at the end of FY 2017, as compared to 1394 people, as at the end of FY 2016. During the year, there was a salary increase, which costs are factored above and overall, costs have been kept under control.

Of the above, R&D employees formed the largest part, being at 36% of the overall numbers, followed by Sales and Marketing at 28.8%, Technical Support at 20.1% and G&A at 15.1%.

Technology Subscription Charges

Technology subscription charges was fairly stable, marginally dipping to ₹ 56.95 Million in FY 2017, compared to ₹ 59.55 Million in FY 2016. This has been on account of various steps, including reducing costs through renegotiation. The Company uses such technology acquisition for its R&D department. The focus has been on developing new technologies and products over past years. During the year, the Company has been



successful in controlling this cost overall. While the cost is a part of R&D, such costs are charged off by the Company.

Rates and Taxes

In Company's Rates and Taxes have gone up to ₹ 13.22 Million in FY 2017, from ₹ 9.34 Million, in FY 2016, reflecting an increase of 41.5%. This increase is on account of new properties which were capitalised immediately prior to the year and the related property taxes were paid during the year under consideration.

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
3. Mobile insurance – the accounting for this has changed this year, on account of Ind-AS, under which the expenses are deducted from revenue

During the year, the insurance cost has reduced to ₹ 5.25 Million for FY 2017, from ₹ 12.43 Million for FY 2016. In the previous year, the company had also covered

a higher level of insurance as properties were under construction. During the year FY 2017, ₹ 5.20 Million towards insurance cost for mobile insurance products, has been shown as a reduction from revenue this year as per the requirements of IND AS accounting standards.

Repairs and Maintenance

The Company's Repair expenses for Building was ₹ 14.61 Million for FY 2017, as compared to ₹ 12.62 Million in the previous year. Similarly, Repairs Others, was at ₹ 22.80 Million for FY 2017, as compared to ₹ 14.39 Million for FY 2016.

Our Buildings are fairly new and the head reflects society maintenance charges for the period.

As regards Repairs – Others, covers repairs for interiors, painting and accessories. During the year, we had conducted a refurbishment and up-gradation cost of four offices, which was charged off to the Profit & Loss account.

Business Promotion and Advertising and Sales Promotion expenses

The Company undertakes direct Advertising and Sales Promotion and also drives promotion through expenses on our sales channels and in partnership with our channel members.

During the year, Business Promotion expenses dropped to ₹ 37.88 Million for FY 2017 from ₹ 74.49 Million for FY 2016, a reduction of 49.2%. Advertising expenses dropped to ₹ 172.05 Million for FY 2017 from ₹ 253.96 Million for FY 2016, a reduction of 32.3%.

It may be noted, as stated above, that during the second half of the fiscal year, the sales flow was impacted by the demonetisation process. At that time, understanding the changes in the environment, the Company had immediately laid an embargo of these expenses, to ensure that this was controlled. Thus, the costs relatively dropped over the previous year's level.



Travelling and Conveyance Expenses

The Travelling and Conveyance expenses grew marginally to ₹ 48.60 Million for FY 2017, as compared to ₹ 43.72 Million for FY 2016, an increase of 11.2% overall. This cost was relatively stable compared to the overall revenues.

Communication Expenses / Office Expenses

Communication Expenses grew to ₹ 58.47 Million for FY 2017, as compared to ₹ 51.72 Million for FY 2016, an increase of 13.1%. During the year we focused on stabilising revenues and managing change on account of certain events, thus leading to an increase in communication costs.

Office Expenses was relatively flat, growing to ₹ 55.48 Million for FY 2017, as compared to ₹ 55.33 Million for FY 2016, an increase of just 0.3%. As our office spaces have stabilised, the costs have settled to a consistent rate.

Legal and Professional Fees

The Company's Legal and Professional Fees grew to ₹ 136.83 Million for FY 2017, as compared to ₹ 65.43 Million for FY 2016, an increase of 109% over the previous year.

During the year the company had certain additional legal expenses on account of various legal events that have been successfully addressed by the company.

Amongst other costs, Legal and Professional Fees relates to increase in our outreach efforts towards mobile security. The company had outsourced the placing of promoters at various retail points.

The increases were on largely on account of:

1. Cost of personnel at retail points, relating to Mobile business, ₹ 46.81 Million
2. Certain legal costs, to address emergent legal issues and patent filing – ₹ 11.71 Million
3. Professional charges for training and preparation for Ind-AS – ₹ 1.63 Million

4. Certain costs, as a listed company, covering SE fees, certifications, etc. related to listing ₹ 1.37 Million
5. Insurance services for mobile, as activations have increased – ₹ 5.72 Million

Fixed Assets written off

During the year, Fixed Assets written off amounted to ₹ 3.65 Million for FY 2017, over ₹ Nil in FY 2016. This amount reflects certain assets, which were deemed to be non-functional.

Provision for Doubtful Debts and Advances / Bad debts written off

During the year, the Provisions for Doubtful Debts and Bad Debts written off, came to ₹ 6.53 Million, as compared to a total of ₹ 5.47 Million (Provision, ₹ 3.36 Million, and Bad Debts, ₹ 2.11 Million) for FY 2016, an increase of 19.3%. This reflects certain incremental outstanding which we provided for as a matter of caution.

Miscellaneous Expenses

During the year, the Miscellaneous Expenses grew to ₹ 20.49 Million from ₹ 15.83 Million in FY 2016, an increase of 29.6%, at the consolidated level. These expenses increased on account if a few heads, as follows:

1. Cost on account of listing, which was not there in previous year (listing, AGM, etc.) ₹ 2.60 Million
2. Cost of registering subsidiary in Dubai – ₹ 1.03 Million
3. Payment Gateway Charges – cost increase of ₹ 0.60 Million, which is in-line with the increase in on-line sales revenues at 13%
4. Cost of participation in certain events in Japan ₹ 1.11 Million

Earnings before Interest Tax Depreciation and Amortisation (EBIDTA)

EBIDTA (not counting other income, to focus on operating revenues and expenses only) dropped to ₹ 901.44 Million for FY 2017, as compared to ₹ 1019.16 Million for FY 2016. This reflects a drop of 11.6%. EBIDTA margin declined to 30.0% for FY 2017, compared to 33.7% for

FY 2016. As explained above, the company's costs are largely fixed in nature. Thus there is operating leverage as revenues rise. During the year, due to certain market events, revenues were affected negatively. This has led to a reduction in EBIDTA in absolute numbers and ratio terms.

In addition to this, the Company charges off all development expenses. These are towards developing new features, or new products. There is a lead-lag between these costs being incurred and revenue creation. Hence, such expenses are not immediately revenue-additive.

Overall, costs have been controlled over the past 5 quarters, although this would reflect an increase on a year-to-year basis. The negative impact of certain events on revenues is visible, the costs being fixed in nature. The operating leverage of the Company remains intact.

Interest

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

Depreciation

Depreciation expenses grew to ₹ 309.44 Million for FY 2017, compared to ₹ 237.12 Million for FY 2016. This reflects an increase of 30.5%. This was the first full year after adding new offices, and a full year's depreciation has been factored in. In addition to this, certain developmental software and QA lab, to develop higher versions of our Enterprise products was installed and operational during the year.

The new QA Lab has resulted in part of the increase of Depreciation Expense. There is a lead-lag between the start of the QA lab, and development of products and the resultant revenue generation. Thus, the beneficial impact of this Lab will be felt in the future

Profit After Tax

Profit after tax came to ₹ 532.27 Million for FY 2017. This included an exceptional financial provision for an investment made in a company called Wegilent, which developed security products for mobile operators, which

was ₹ 37.80 Million Adjusting for this exceptional item, the Profit after Tax would come to ₹ 570.07 Million, for FY 2017. Compared to this, the PAT for FY 2016 was. ₹ 579.08 Million, on a like-to-like basis.

As explained above, the Company's costs are fixed, and the impact of demonetisation has been felt in the PAT above.

Equity

Total Equity increased to ₹ 701.02 Million on March 31, 2017, as against ₹ 700.30 Million as on March 31, 2016. This increase reflects the incremental Equity issued on account of exercise of ESOPs, as per the Company's Employee Stock Option Plans.

Retained Earnings

During the year Retained Earnings increased to ₹ 3132.04 Million, as against ₹ 2809.39 Million for the year ended March 31, 2016. The increase reflects ₹ 533.39 Million of PAT, adjusted for the dividend of ₹ 210.73 Million paid during the year.

Property, Plant and Equipment (PPE)

During the year PPE balances increased to ₹ 1782.23 Million, as of March 31, 2017, from ₹ 1323.54 Million, as of March 31, 2016. This increase of ₹ 458.69 Million, reflects the following:

- **Freehold Land:** ₹ 17.83 Million
- **Building:** ₹ 306.75 Million
- **Computer / Servers:** ₹ 132.37 Million

The Building capitalisation reflects work done in Kolkata, Chennai and Pune. These are long term projects, which had fruition during the year. These address employee requirements in certain locations (and were shown in Capital WIP, during the previous year) and growth requirement in some other places.

Computer / Server reflect normal requirements, such as new machines to replace old machines, and also the QA Lab for developing higher versions of our Enterprise products.

Financial Assets and Investments

During the year the Company had an investment of ₹ 66.66 Million, which reflects investment done in Smartalyse Technologies Pvt. Ltd. (Smartalyse), which is a developer of IoT products for the housing market. The Company is focusing on the security for such products.

The Company had invested ₹ 30.00 Million in FY 2016 in Smartalyse and further invested another ₹ 30.00 Million as per the investment agreement. The current values have been recorded at ₹ 66.66 Million.

In addition, the Company had invested ₹ 3.55 Million in Wegilent Net Solutions Pvt. Ltd, a developer of security solutions for mobile operators. This was provided, through the OCI account during the year.

Other Non-Current Assets

As of March 31, 2017, the Company had increased these assets to ₹ 244.79 Million as of March 31, 2017, compared to ₹ 177.38 Million as of March 31, 2016. Major changes were on account of:

Of the below items, I and II, after the Balance Sheet date the Company has procured substantial refunds from the Income Tax department, reflecting completed assessments of the past and the interest, as accrued on March 31, 2017.

	March 31, 2017	March 31, 2016
Advance Income Tax	₹ 198.67 Million	₹ 170.41 Million
Interest accrued on Income Tax refund	₹ 20.31 Million	₹ Nil
Capital Advances	₹ 24.55 Million	₹ 6.97 Million

Capital Advances reflect payment to a technology provider for future use of their technology in some of our products.

Financial Assets

Investments

Investments reflects 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, 2017, the total investment stood at ₹ 1750.82 Million, as compared to ₹ 1113.21 Million at the end of the previous year, an increase of 57.27% in treasury size of the company.

Trade and other receivables

The Trade and Other receivables were at ₹ 971.83 Million, as of March 31, 2017, compared to ₹ 923.81 Million at the end of the previous year. The DSO at this time rose to 85 days, from 65 days for the previous year. This was on account of the demonetisation event and the resultant impact on revenues.

Loans and Security Deposits

The Company has Loans and Security Deposits amounting to ₹ 6.21 Million as of March 31, 2017, as compared to ₹ 70.19 at the end of the previous year.

Of this ₹ 27.72 Million was recovered under normal course. ₹ 35.00 Million, which was a loan provided to Wegilent Net Solutions Pvt. Ltd., was provided as an exceptional item, and along with accrued interest at ₹ 2.80 Million.

Risks & Concerns

a. Rapidly evolving market needs and new technology developments

We operate in a market that is characterised by rapidly changing technologies and business plans, which require users to adapt to increasingly complex IT infrastructures that incorporate a variety of hardware, software applications, operating systems and networking protocols. As our users' technologies and business plans grow more complex, we expect them to face new and increasingly sophisticated methods of cyber-attacks. Our solutions focus on safeguarding IT systems, infrastructure, applications, network, information and data. However, hackers, cybercriminals, and advanced cyber attackers are skilled at adapting to new technologies and developing new methods of gaining access to users' sensitive personal and business data. 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. Quick Heal lays strong emphasis on continuous investments in research & development in order to ensure that the latest evolving threats are addressed through timely updates and features introduced to the users. During FY16 and FY17, the R&D investments made by the company were around 19.5% and 21.1% of total revenues respectively. It has a strong R&D team of approximately 36% people of total employee strength working on identifying new threats and devising new solutions and features across retail, enterprise and mobile segments.

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

The market for security software solutions is intensely competitive and characterised by rapid changes in technology, user requirements, industry standards and frequent new product introductions and improvements. We compete with companies that offer a broad array of IT security solutions. We face competition from both international and Indian companies such as Symantec, Trend Micro, Kaspersky, McAfee, Sophos, Fortinet, Watchguard, Apps Daily, Syska and K7. Large vendors of hardware 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. Some of our competitors are global companies that have larger technical and financial resources and the broad customer bases needed to bring competitive solutions to the market. 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.

They may also develop different products to compete with our current solutions and respond more quickly and effectively than we do to new or changing opportunities, technologies, standards, devices, platforms or client requirements. 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 I and Tier II 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.

c. Our business and growth prospects depend on relationships with our channel partners

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. We may also work with certain channel partners without any legal agreement. Though we set minimum sales targets for our channel partners, we have limited control over the amount of software that our channel partners will eventually purchase from us or sell on our behalf. 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. We have cumulative license installations of more than 28.3 million, with more than 7.8 million active licenses across 80 countries as on 31st March 2017. Our strong brand has helped us to extensively grow our partner network across India. Our sales team is closely involved in maximising product availability across the channel and providing technical / sales assistance. We provide on-going training (4 technical support centres) to channel partners for providing support services to end users. This helps us to ensure that our partners are able to effectively sell our products and remain loyal to our brand.

d. Exposure to counterparty credit risk in our operations

We rely significantly on our channel partners to sell and support our solutions and we expect that sales through our channel partners will continue to account for a significant percentage of our revenues. Weakness in the end user market could negatively affect the cash flow of our channel partners or distributors and resellers, who could, in turn, delay making payments to us and impact our working capital. We typically offer our channel partners around 60 days of credit. Furthermore, a change in the credit quality at one of our channel partners or other counterparties can increase the risk that such counterparty is unable or unwilling to pay amounts owed to us, which could directly or indirectly have a material adverse effect on our results of operations. We maintain strict control on credit exposure to our channel partners. While our sales team continuously works with them to ensure faster sales turnaround, they also keep a close tab on collections from partner. Our overall partner network has also been growing, with revenue contribution from top 20 dealers increasing from 45% in FY15 to 47% in FY16. In case of dealers who are larger revenue contributors, we work on advances to keep our credit exposure within control.

e. Inability to protect our proprietary technology and intellectual property rights

We have a registered Trademark for our Corporate Logo “Quick Heal” and enjoy statutory protection accorded to our Trademark. The protection and enforcement of our intellectual property rights in the markets in which we operate is uncertain. The laws of countries in which we operate or intend to expand our operations may afford little or no protection to our patents, copyrights, trade secrets and other intellectual property rights. While we have applied for registration of certain patents in India, none of them have been granted so far. Typically, we do not obtain signed license agreements from customers who license products from us. In these cases, we include an electronic version of an end-user license in all of our electronically distributed software and a printed license with our products that are distributed in a box. Although this is common practice for software companies that sell off-the-shelf products to have licenses that are not signed by the licensee, certain legal authorities believe that such licenses may not be enforceable under the laws of many jurisdictions.

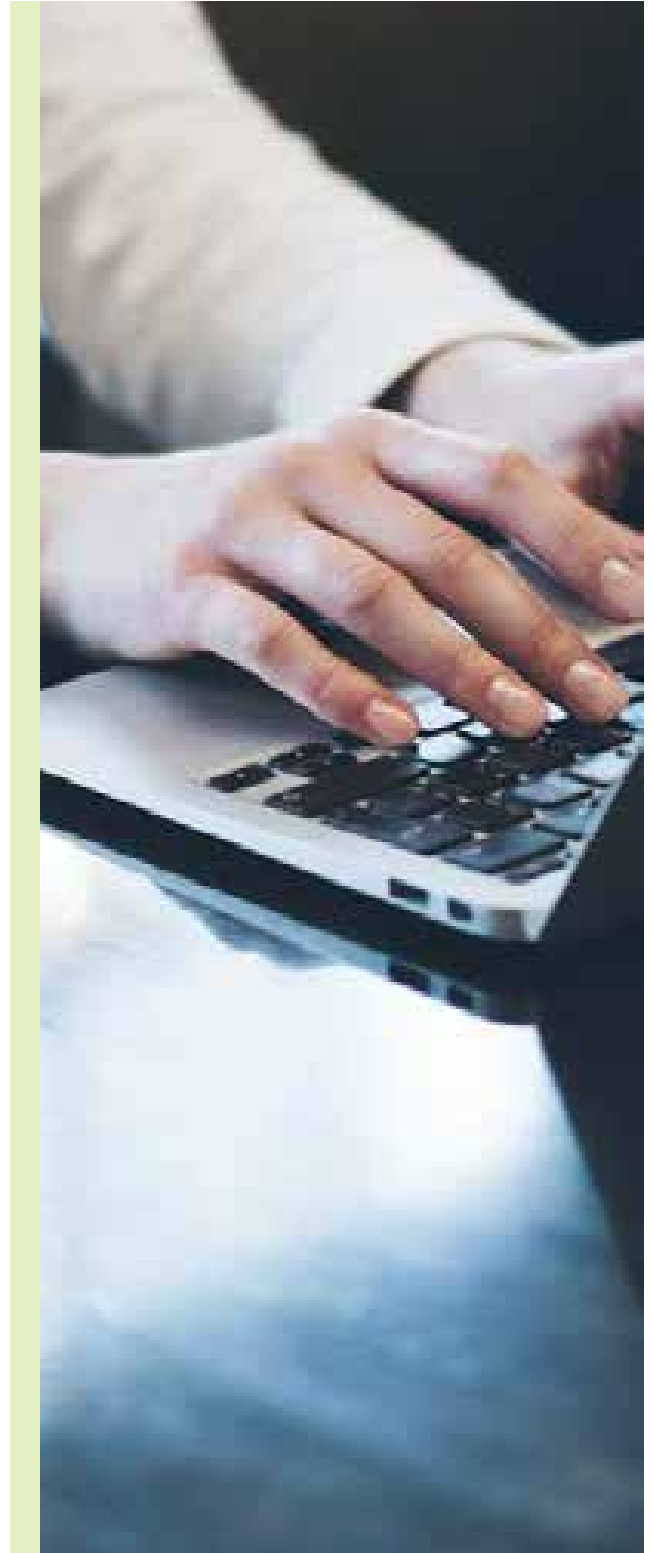
Proprietary technology used in our solutions is important to our success. We typically protect our intellectual property under patent, trademark, copyright and trade secret laws and through a combination of confidentiality procedures, contractual provisions and other methods, all of which offers only limited protection. For example, we have been granted four patents in the United States and have registered trademarks such as “Quick Heal”, “Guardian”, “Security Simplified”, “Aapke PC mein kaun rehta hai, Virus ya Quick Heal” and “Surf” Canister” in India. We have registered trademarks for “Quick Heal” and “Seqrite” in the European Union. We have also obtained trademark registration for “Quick Heal” in various countries such as Australia, Japan and the United States, among others, where we currently do business or are planning to do business.

Internal Control & Systems

The internal control systems of the Company are adequate considering the nature of its business, size and complexity. The Statutory Auditors as well as Internal Auditors of the Company review the same on periodical basis. Further, significant observations, if any and action taken reports on the same are considered by Audit Committee at their meeting.

Cautionary Statement

This document contains statements about expected future events, financial and operating results of Quick Heal Technologies Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as 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's discussion and analysis of Quick Heal Technologies Limited's Annual Report, FY2017.



Notice

Notice is hereby given that the 22nd Annual General Meeting of the Members of Quick Heal Technologies Limited will be held on Friday, 11th August 2017 at 11:00 a.m. at Ramee Grand Hotel and Spa, Plot No. 587/3, CST No. 1221/C, Apte Road, Shivaji Nagar, Pune – 411 004, to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited financial statements (including consolidated financial statements) of the Company for the financial year ended 31st March 2017 together with the Reports of Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a director in place of Mr. Kailash Katkar (DIN: 00397191), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of sections 139(9) and 142(1) and other applicable provisions, if any, of the Companies Act, 2013, read with rules made there under, as amended from time to time, the Members hereby ratify appointment of M/s. SRBC & Co LLP (Firm Registration No. 324982E), Chartered Accountants, as the Auditors of the Company, to hold office from this Annual General Meeting till the conclusion of next Annual General Meeting on such remuneration, as may be mutually agreed between the Board/Audit Committee and the Auditors.”

SPECIAL BUSINESS

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

“RESOLVED THAT, pursuant to the provisions of section 148 other applicable provisions, if any, of the Companies Act, 2013, read with rules made there under, as amended from time to time, the Members hereby ratify the remuneration of Rs. 47,250/- (Forty Seven Thousand two hundred and fifty) for FY 2017-18 and FY 2018-19 plus applicable Government Taxes and out of pocket expenses at actuals to the Cost Auditors M/s Bhavesh Marolia & Associates for conducting the audit of cost records maintained by the Company”.

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

“RESOLVED THAT in modification of the earlier resolution passed by the members on 14th September 2015 and pursuant to the provisions of Companies Act 2013, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 or any amendment thereof, the Memorandum and Articles of Association of the Company and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting; the consent of the members be and is hereby accorded to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee, including the Compensation Committee which the Board has constituted to exercise its powers, including the powers conferred by this resolution), to increase the total number of stock options to be granted under the ESOP 2014 and create, offer, issue and allot at any time to or to the benefit of such person(s) who are in permanent employment of the Company, including any Director of the Company (other than independent directors), whether whole time or otherwise, 500,000 options exercisable into 500,000 equity shares of Rs. 10 each (the “Equity Shares”) in addition to the existing stock option size under the ESOP 2014 of the Company, on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant authorities; each option would be exercisable for one Equity Share fully paid-up on payment of the requisite exercise price to the Company.

RESOLVED FURTHER THAT in accordance with the provisions the Companies Act, 2013 and in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014, the existing Employees Stock Option Scheme (ESOP) 2014 of the Company be and is hereby approved.

RESOLVED FURTHER THAT subject to applicable laws, approval of the members of the Company be and is hereby accorded to grant the stock options under ESOP Scheme 2014 to the present and future, permanent employees of the holding and subsidiary company(ies) and their director(s) whether whole time director or not but excluding independent directors, if any, from time to time, on such terms and conditions as may be decided by the Board.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any additional equity shares are issued by the Company to the Option Grantees for the purpose of making a fair and reasonable adjustment to

the options granted earlier, the above ceiling of 1,300,000 Equity Shares shall be deemed to be increased to the extent of such additional Equity Shares to be issued.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot Equity Shares upon exercise of options from time to time in accordance with the ESOP Scheme 2014 and such Equity shares shall rank pari passu in all respects with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT in case the Equity Shares are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the option grantees under the ESOP Scheme 2014 shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs. 10 per Equity Share bears to the revised face value of the Equity Shares after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in the ESOP Scheme 2014 as it may deem fit, from time to time in its sole and absolute discretion in conformity with the provisions of the Companies Act, 2013 or any amendment thereof, the Memorandum and Articles of Association of the Company and any other applicable laws."

7. 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 Applicable Laws, approval of the members of the Company be and is hereby accorded to grant the stock options under ESOP Scheme 2014 to the present and future, permanent employees of the holding and subsidiary company(ies) and their director(s) whether whole time director or not but excluding independent directors, if any, from time to time, on such terms and conditions as may be decided by the Board.

RESOLVED FURTHER THAT Mr. Kailash Katkar, (DIN: 00397191) Managing Director & CEO or Mr. Sanjay Katkar, (DIN: 00397277) Managing Director & CTO of the Company be and are hereby severally authorised to decide on the price per stock option and has a right to decide on variation in stock option price.

RESOLVED FURTHER THAT Mr. Kailash Katkar, (DIN: 00397191) Managing Director & CEO or Mr. Sanjay Katkar, (DIN: 00397277) Joint Managing Director of the Company be and are hereby jointly and severally authorised to do all such acts, deeds and things necessary in this regard to give effect to the above resolution, to issue the stock options and to do all such acts in this regard.

BY ORDER OF THE BOARD OF DIRECTORS

Kailash Katkar (DIN: 00397191)
Managing Director & CEO
Pune, 12th May 2017

NOTES

1. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, with respect to the Special Business to be transacted as aforesaid is annexed hereto.
2. Pursuant to SS-2 i.e. Secretarial Standard on General Meetings as issued by the Institute of Company Secretaries of India, the route map for reaching the meeting venue showing the prominent landmarks is given elsewhere in this Notice. The Company has also uploaded the above route map on its website at <http://www.quickheal.com/investors>.
3. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY, IN ORDER TO BE EFFECTIVE MUST BE DULY FILLED, STAMPED, SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
4. A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten per cent of the total share capital of the Company carrying voting rights. A member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy for any other shareholder.
5. Corporate Members are requested to send to the Company a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
6. Members/Proxies are requested to bring duly filled attendance slips to be deposited with the Company officials at the venue of the meeting.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
9. The Register of Members and Share Transfer Books shall remain closed from Saturday, 5th August, 2017 to Friday, 11th August, 2017 (both days inclusive), for determining the names of Members eligible for the dividend for the financial year ended 31st March 2017.
10. The dividend, as recommended by the Board of Directors, if declared by the Members at the 22nd Annual General Meeting, will be paid at par on or before 31st August, 2017:
 - a. In respect of shares held in dematerialised form, to the beneficial owners of the shares as at the close of business hours on Friday, 4th August, 2017, as per the details furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
 - b. In respect of shares held in physical form, to the Members whose names appear in the Company's Register of Members on Friday, 4th August, 2017.
11. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Link Intime.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Link Intime.
13. Non-Resident Indian Members are requested to inform Link Intime, immediately of: a) Change in their residential status on return to India for permanent settlement. b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
14. The Register of Directors and Key Managerial Personnel and their shareholding and Register of Contracts and Arrangements in which Directors are Interested, as maintained under Section 170 and section 189 respectively of the Companies Act, 2013, will be available for inspection by the Members at an Annual General Meeting.
15. Information and other instructions relating to e-Voting are as follows
 - a. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote on Resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Services Limited (CDSL).
 - b. The facility for casting the vote through Ballot Paper will be made available at the Meeting and the Members attending the Meeting who have not casted their vote by means of remote e-Voting shall be able to cast their vote at the Meeting through Ballot paper

- c. The Members who have cast their vote by remote e-Voting may also attend the Meeting but shall not be entitled to cast their vote again. In case any Member casts his / her vote through Ballot to be conducted at the Meeting in addition to remote e-Voting, his voting through remote e-Voting shall be considered as Final and vote casted through Ballot shall be considered as invalid.
- d. Voting rights shall be reckoned on the number of shares registered in the name of the Member / Beneficial Owner (in case of electronic shareholding) as on the cut-off date i.e. Friday, 4th August, 2017.
- e. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e. Friday, 4th August, 2017 only shall be entitled to avail the facility of remote e-Voting / Ballot.
- f. The remote e-voting period commences from 12:01 a.m. (IST) on Tuesday, 8th August 2017 and ends on Thursday, 10th August 2017 at 5:00 p.m. (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 Friday, 4th August, 2017, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently
- g. The process and manner for remote e-voting are as under:
- The voting period begins on 8th August 2017 at 12.01 a.m. and ends on 10th August 2017 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, 4th August, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - The shareholders should log on to the e-voting website www.evotingindia.com.
 - Click on Shareholders.
 - Now Enter your User ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - Next enter the Image Verification as displayed and Click on Login.
 - If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

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

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

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) **Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.**
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the 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 available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

16. Pursuant to Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, brief profile of Directors eligible for re-appointment vide item no. 3 is as follows:

Particulars	Mr. Kailash Katkar
DIN	00397191
Date of Birth	1st November 1966
Date of Appointment	7th August 1995

Qualifications	Matriculate
Experience in specific functional areas	He has been associated with our Company since its incorporation and has experience in development of anti-virus software, technology and services.
Directorship held in other listed entities	Nil
Membership/Chairmanship of Committees of listed entities (includes on Audit committee & Stakeholders Relationship Committee)	Nil
Number of Shares held in the Company	20511384
Relationship with any Director (s) of the Company	Mr. Sanjay Katkar

17. Members desiring any information as regards to financial statements are requested to write to the Company at least seven days in advance of the meeting date so as to enable the management to keep the information ready.
18. Members who wish to claim dividends, which remain unclaimed, are requested to correspond to the Company at cs@quickheal.co.in or ‘Company Secretary’ at the Company’s Registered Office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company’s Unpaid Dividend Account, will be transferred to the Investor Education and Protection Fund maintained by the Government of India.
19. As a measure of austerity and green initiatives of the Company, copies of Annual Report will not be distributed at the Annual General Meeting.
20. With a view to take “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies, the Ministry of Corporate Affairs (the ‘Ministry’) has allowed companies to share documents with Members through electronic communication. It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow public at large to contribute towards a greener environment. This is a golden opportunity for every Member to support the initiative of the Ministry. To support initiative of the Ministry and in view of Green Movement, the Company will henceforth send documents to Members in electronic form, at the e-mail address provided by Members with their respective depositories. In case Members desire to have a different e-mail address to be registered, they may please update the same with their respective Depository Participant. Registering e-mail address helps to receive communication promptly, reduce paper consumption and save trees, eliminate wastage of paper, avoid loss of document in postal transit and save costs on paper and on postage. The Company will also make available a copy of its Annual Report and quarterly results on the Company’s website.

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

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

Item No. 5

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

M/s. Bhavesh Marolia & Associates, Cost Accountants ("Firm"), has been conducting the audit of the cost accounting records of the Company for the past few years. The Firm has, as required under Section 141 of the Companies Act, 2013, confirmed its eligibility to conduct the audit of the cost accounting records of the Company for the financial year(s) 2017-18 and 2018-19 and have consented to act as the Cost Auditor of the Company. At the recommendation of the Audit Committee, the Board of Directors at its Meeting held on 12th May, 2017, approved the appointment of M/s. Bhavesh Marolia & Associates, Cost Accountants, as the Cost Auditors to conduct the audit of the cost records of the Company for the financial years 2017-18 and 2018-19 at the remuneration of Rs. 47,250/- per year plus applicable Government taxes and out of pocket expenses. Section 148 (3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditor) Rules, 2014, requires that the remuneration payable to the Cost Auditors should be ratified by Members of the Company. Accordingly, ratification by the Members is sought for the remuneration payable to the Cost Auditors for the financial years 2017-18 and 2018-19.

Your Directors recommend the above Resolutions for your approval.

None of the Directors or Key Managerial Personnel of the company and their relatives is/are in any way concerned or interested in the Resolution.

Item No. 6

In accordance with SEBI (Share Based Employee Benefits) Regulations, 2014, any change in the ESOP Scheme of the Company is to be placed before the shareholders in a general meeting for approval. Hence, the approval of the members is sought through the accompanying special resolution. It is being proposed to increase the pool size of stock options of the existing ESOP Scheme 2014 of the company. It is proposed to increase the total number of options to be granted under ESOP Scheme 2014 by 500,000 options exercisable into 500,000 Equity Shares. The total size shall be increased from 8,00,000 options to 13,00,000.

The main features of the employee stock option scheme are as under:

The Company appreciates the critical role its people play in achieving organizational growth. It strongly feels that the value

created by its people should be shared with them. To promote the culture of employee ownership in the company, approval of the shareholders is being sought for issue of stock options to the employees of the company. Scheme is administered by the Company, through Board, which includes Committee.

1. Total number of options to be granted:

The existing and revised limits of options to be granted under ESOP Scheme 2014 are given below:

	Existing	Revised
Total number of options under ESOP Scheme 2014	800,000	1,300,000

Details of options granted and vested under ESOP Scheme 2014 as on the date of this notice are given below:

Number of options granted	762,900
Number of options outstanding to be granted	135,784

Options would be granted to eligible employees of the Company under ESOP Scheme(s). Each option when exercised would be converted into one Equity share of Rs. 10 each fully paid-up.

Vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation of the employees or otherwise, would be available for being re-granted at a future date.

A fair and reasonable adjustment needs to be made to the options granted in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others. Accordingly, if any additional equity shares are issued by the Company to the Option Grantees for making such fair and reasonable adjustment, the ceiling of equity shares shall be deemed to be increased to the extent of such additional equity shares issued.

2. Identification of classes of employees entitled to participate in the Employee Stock Option Scheme(s):

All permanent employees of the company, including the Directors but excluding the promoters of the Company, as may be decided by the Board from time to time, would be entitled to be granted stock options under the ESOP Scheme(s).

3. Transferability of employee stock options

The stock options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of an employee stock option holder while in employment, the right to exercise all the options granted to him till such date shall be transferred to his/ her legal heirs or nominees.

4. Requirements of vesting and period of vesting:

The Options granted shall vest so long as the employee continues to be in the employment of the Company. The Board may, at its discretion, lay down certain performance metrics, on the achievement of which, the granted options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which options granted would vest (subject to the minimum and maximum vesting period as specified below).

The options would vest not earlier than one year and not later than five years from the date of grant of options. The exact proportion in which and the exact period over which the options would vest would be determined by the Board, subject to the minimum vesting period of one year from the date of grant of options.

5. Exercise Price:

The options would be granted at an exercise price equal to the fair market value of the Company's equity shares as on the date of grant as certified by an independent valuer.

6. Exercise Period and the process of Exercise:

The Exercise period would commence from the date of vesting and will expire on completion of five years from the date of vesting of options (in case the Company gets listed) or five years from the date of listing (in case the Company is not listed).

The options will be exercisable by the Employees by a written application to the Company to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Board from time to time. The options will lapse if not exercised within the specified exercise period.

7. Appraisal Process for determining the eligibility of the employees to ESOP:

The appraisal process for determining the eligibility of the employee will be specified by the Board, and will be based on criteria such as role / designation of the employee, length of service with the Company, past performance record, future potential of the employee and/or such other criteria that may be determined by the Board at its sole discretion.

8. Maximum number of options to be issued per employee and in aggregate:

The number of options that may be granted to any specific employee under the Scheme shall not exceed 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of options.

9. Disclosure and Accounting Policies:

The Company shall comply with the disclosure and the accounting policies prescribed.

10. Method of option valuation

To calculate the employee compensation cost, the Company shall use the Intrinsic Value Method for valuation of the options granted.

The difference between the employee compensation cost computed using the Intrinsic value method and the cost that shall have been recognized if it had used the Fair Value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

As the employee stock option schemes provide for issue of shares to be offered to persons other than existing shareholders of the company, consent of the members is being sought pursuant to the Provisions of the Companies Act, 2013 or any amendment thereof and all other applicable provisions, if any, of the Act.

Your Directors recommend the above Resolutions for your approval.

None of the Directors of the Company are in any way, concerned or interested in the resolution, except to the extent of their shareholding in the company

Item No. 7

The shareholders of the Company at their meeting held on 5th August 2016, had approved ESOP Scheme 2014. As per Rule 12(4) of The Companies (Share Capital and Debentures) Rules, 2014, and the SEBI (Share Based Employee Benefits) Regulations, 2014 approval of members by way of a separate resolution in a general meeting is required to grant options to employees of a subsidiary or the holding company.

It is proposed that options under ESOP 2014 be also granted to the present or future employees of the holding and subsidiaries of the Company, as may be decided by the Board or any committee thereof.

The Board commends the Resolution as set out at Item No. 7 of the Notice for your approval.

None of the directors, key managerial personnel and relatives of directors and/or key managerial personnel (as defined in the Companies Act, 2013) are concerned or interested in the proposed resolution except to the extent of their shareholding in the company in Item 7.

BY ORDER OF THE BOARD OF DIRECTORS

Kailash Katkar (DIN: 00397191)
Managing Director & CEO
Pune, 12th May 2017

Directors' Report

Dear Members,

The Board of Directors of your Company are pleased to present the 22nd Annual Report along with the audited financial statements, for the financial year ended 31st March 2017.

1. Financial Highlights

(In ₹ Million)

Particulars	2016-2017	2015-2016
Revenue from Operations (Net)	2,999.73	3,020.90
Finance Income	244.20	65.41
Other Income	40.31	33.62
Total Income	3,284.24	3,119.93
Profit Before Tax	838.71	881.07
Provision for Tax		
Current Tax	316.55	324.71
Deferred Tax	(10.11)	(22.72)
Profit After Tax	532.27	579.08

2. Business Operations and Outlook

Your Company recorded a total income of ₹ 3,284.24 million for the financial year 2016-17 as against ₹ 3,119.93 million in 2015-16 resulting in marginal increase in revenue during the year under review. The Company continued to position itself as one of the leading players in market.

Indian cyber security market is currently valued at \$4 billion and is expected to grow to \$35 billion by 2025 which is a nine fold increase while the global security market is expected to reach US\$ 190 Billion by year 2025 from the approximately US\$ 85 billion today. Your Company's continued investments in innovation and technology has enabled it to undertake a number of diverse projects and adapt to the ever changing needs of consumers.

Your Company also partnered with an ambitious initiative launched by the Government of India, Cyber Swachhta Kendra (CSK), which is a botnet cleaning and malware analysis center. It aims to bring in enhanced security measures to Indian users and secure the cyber ecosystem. This is a huge leap of Government of India, partnered by your Company, in the Digital India Mission. Botnets can cause a wreck in the internet, especially so for India, as it is one of the highly botnet infected countries in the world.

Business Outlook of the business has been discussed in detail in the "Management Discussion and Analysis" which forms a part of this Annual Report. It is the endeavor of the Company to enhance stakeholder value.

3. 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.

4. Dividend

The Board of Directors has recommended a Dividend @ 25 % i.e. ₹ 2.5/- per equity share for the financial year 2016-17.

The payment of aforesaid dividend is subject to the confirmation by the Members at the Annual General Meeting.

5. Public Deposits

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

6. Report on performance of Subsidiaries

A statement containing salient features of the financial statements of Subsidiary Companies in Form AOC-1, as required under section 129 (3) of the Companies Act, 2013, forms a part of this Annual Report and is annexed as

Annexure A. The audited financial statements in respect of each of the subsidiaries shall be kept open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. to 1:00 p.m. upto the date of the forthcoming Annual general Meeting. Further, the Company will make available the audited annual accounts and related information of the subsidiary companies, upon request by any Member of the Company.

7. Consolidated Financial Statements

Consolidated Financial Statements ("CFS") of your Company and its subsidiaries as at 31st March 2017 are prepared in accordance with the Indian Accounting Standard on 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India and the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the SEBI (LODR) Regulations") form a part of this Annual Report. The Auditors' Report on the CFS is also attached which is unqualified.

8. Management Discussion and Analysis

A detailed review by the Management of the business operations of the Company, future outlook of its business pursuant to the Schedule V of the SEBI (LODR) Regulations is presented under separate section "Management Discussion and Analysis" which forms a part of this Annual Report.

9. Corporate Governance

Your Company firmly believes that Corporate Governance practices constitute strong foundation on which successful organizations last. The Company follows the principles of Corporate Governance in letter and spirit. The Company has fully complied with the Requirements as prescribed under Schedule V of the SEBI (LODR) Regulations. The quarterly Corporate Governance Report, confirming that the Company has complied with statutory provisions, has been filed with the Stock Exchanges, where the shares of the Company are listed. A detailed Report on Corporate Governance and a certificate from M/s J. B. Bhavé & Co., Practicing Company Secretary confirming compliance of conditions of the Corporate Governance, forms a part of this Annual Report.

10. 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 2016 - 17, as required under Schedule V of the SEBI (LODR) Regulations, forms a part of this Annual Report.

11. Directors & Key Managerial Personnel

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

The Company regularly conducts the Familiarisation Program for Independent Directors about their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various initiatives. The details of the same can be found at: <http://www.quickheal.com/investors>.

Mr. Kailash S. Katkar, Managing Director & CEO, Mr. Sanjay S. Katkar, Managing Director & CTO, Mr. Rajesh Ghonasgi, Chief Financial Officer and Mr. Vijay Shirode, 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.

12. Board Meetings

During the financial year 2016-17, 6 (Six) Board meetings were held on 22nd April, 2016, 11th May, 2016, 5th August, 2016, 11th November, 2016 & 3rd February, 2017 and 24th March, 2017. The maximum time gap between any two meetings did not exceed prescribed period of one hundred twenty days.

13. Directors' Responsibility Statement

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

- a) in the preparation of the annual accounts for the year ended 31st March, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the same period;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- d) they have prepared the annual accounts on a going concern basis;
- e) they have laid down internal financial controls in the company that are adequate and were operating effectively;
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and these are adequate and are operating effectively.

14. Declaration of Independence by Independent Directors

The Board confirms that all Independent Directors of the Company have given a declaration to the Board that they continue to meet the criterion of independence as prescribed under Section 149 of the Companies Act, 2013.

15. 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 also held to review the performance of Non-Independent Directors and the Board as a whole. The Directors were updated by the Chairman about the outcome of the process.

16. Committees of the Board

During the year under report, the Board of Directors of your Company re-constituted the Committees of the Board. The present composition of different Committees is given hereunder:

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

* Audit Committee performs the functions of Risk Management Committee.

17. Secretarial Audit Report

Pursuant to Section 204 of the Companies Act, 2013, the Board of Directors had appointed M/s. J B Bhavé & Co., Practising Company Secretaries, Pune, as the Secretarial Auditors of the Company for the financial year 2016-17, annexed as Annexure B.

The Secretarial Auditors have provided an unqualified Secretarial Audit Report which forms part of this Annual Report.

The Board has re-appointed M/s. J B Bhavé & Co., Practising Company Secretaries, Pune, as the Secretarial Auditors of the Company for the financial year(s) 2017-18 and 2018-19.

18. Statutory Auditors

The Members of the Company at the Annual General Meeting of the Company held on 5th August, 2016 had ratified the appointment of M/s SRBC & CO LLP, (Firm Registration No. 324982E), Chartered Accountants as the Statutory Auditors of the Company to hold such office till the conclusion of the ensuing the Annual General Meeting.

M/s SRBC & CO LLP, have confirmed their eligibility and willingness to accept office, if appointment is ratified by the Members of the Company.

Your Directors recommend ratification of appointment of Statutory Auditors to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the Annual General Meeting to be held in the calendar year 2018.

19. Audit Observations

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

20. Cost Auditors

Pursuant to the provisions of Section 148(3) of the Companies Act, 2013, 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(s) 2017-18, 2018-19 at the remuneration of ₹ 47,250/- plus applicable government taxes and out of pocket expenses. The remuneration payable to the Cost Auditors is subject to the approval of the Members at the ensuing Annual General Meeting.

21. Internal Auditors

The Board of Directors of your Company has appointed M/s. Pipalia Singhal & Associates, Chartered Accountants (Firm Registration No.114665W) as Internal Auditors of the Company for the period of two financial years i.e. 2016-17 and 2017-18.

22. 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.

23. 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.

24. Deposits

During the year under review, the Company has not accepted any deposits.

25. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

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

- **Energy Conservation**
The operations of the Company involve low energy consumption. Adequate measures have been taken to conserve energy.
- **Technology Absorption, Adaptation and Innovation**
The Company continues to use the latest technologies for improving the productivity and quality of its products and services. The company continues to focus on innovation and protect 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 segment.

The company has intensified its efforts on unique opportunity the small and mid-size businesses are projecting with the digitization of India. Understanding the cyber security challenges the small and medium size business will be going through when adopting to new digitization. Developing products that will address the cyber threats to these businesses and protecting their valuable data. In coming years more investment will go into R&D of several technologies targeted towards products for enterprise segment.

- **Benefits derived from the R & D Activities:**
Development of highly innovative product providing software security solutions and also fulfilling various added demands of consumers. The expenditure incurred in the same is detailed in the notes to Accounts annexed herewith.
- **Foreign Exchange earnings and outgo**
Total foreign exchange earnings and outgo for the financial year were as follows:

(In ₹)

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Total Foreign Exchange Outgo	13,05,62,227	8,73,55,410
Total Foreign Exchange Earnings	8,32,25,009	5,89,83,286

26. Particulars of Loans, Guarantees and Investments

Particulars of Loans, Guarantees and Investments as on 31st March, 2017, are given under Notes to the financial statements.

27. Related Party Transactions

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

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

28. Corporate Social Responsibility (CSR)

- The Company believes that the society, at large, is the prime enabler for the Company's growth and success and that the Company is committed to return it's due to the society as a Corporate Citizen. This idea inspires your Company to be a trustworthy partner in building our nation and an ethical business player with this inspiration, your Company had formed a public charitable trust 'Quick Heal Foundation'
- Your Company selects one or more CSR activities as specified under Schedule VII of the Companies Act, 2013 for implementation in the area of its operation. The Company strives to promote cyber awareness and internet security and is dedicated towards promoting environment sustainability
- The Board of Directors of your Company has constituted a CSR Committee to help the Company to frame, monitor and execute the CSR activities of the Company under its CSR scope. The Committee defines the parameters and observes them for effective discharge of the social responsibility of your Company. The Directors have further approved the CSR Policy of the Company to provide a guideline for CSR activities of the Company
- During the year under review, the Company has spent ₹1,40,00,000/- on CSR activities, out of the total amount of ₹1,87,89,594/- mandated as per law.
- 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 ₹47,89,594/-. The Company continues to commit 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 2016-17 is given as Annexure 'F'.

29. Adequacy of Internal Financial Controls

The Board has laid down policies and procedures for strengthening its Internal Financial Controls which are commensurate to the nature and size of the Company's operations and they are operating effectively. The Internal Financial Controls covered the policies and procedures adopted by the Company for ensuring orderly and efficient conduct of business including adherence to the Company's policies, safeguarding of the assets of the Company, prevention and detection of fraud and errors, accuracy and completeness of accounting records and the timely preparation of reliable financial information.

30. Vigil Mechanism (Whistle Blower Policy)

The Company has a well laid down Vigil Mechanism (Whistle Blower Policy), details of which are given in the Report on Corporate Governance forming a part of this Annual Report. The Company has also uploaded the said Whistle Blower Policy on its website at <http://www.quickheal.com/investors/whistle-blower-policy>.

31. Risk Management Policy

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

32. Other matters

Your Directors state that during the financial year under review -

- i. Neither the Managing Director nor the Whole-time Director of the Company received any remuneration or commission from any of its subsidiaries.
- ii. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

37. Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9, is annexed herewith as Annexure G.

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

There were no complaints reported during the financial year 2016-17.

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 the help and the sincere cooperation received from the shareholders, end users, employees, dealers, distributors, business partners, bankers, regulatory bodies and other business constituents during the year under review. The Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance of the Company during the year.

For and on the behalf of the Board of Directors

Kailash Katkar
(DIN: 00397191)
Managing Director & CEO

Sanjay Katkar
(DIN: 00397277)
Managing Director & CTO

Pune, 12th May 2017

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 (MENA) FZE	Quick Heal Technologies Africa Limited.	Sequitte Technologies DMCC
1	Reporting Currency	USD	JPY	AED	KES	AED
2	Exchange rate on the last date of relevant financial year	64.7256	0.57911	17.61741	0.61698	17.61741
3	Date on which Subsidiary was acquired	2nd January 2012	2nd April 2012	25th December 2013	2nd December 2011	13th November, 2016
4	Share Capital	9,23,000	18,00,00,000	28,00,000	11,36,75,000	3,00,000
5	Reserves and Surplus	(7,28,145)	(13,41,00,739)	(4,82,954)	(3,60,72,310)	(56,730)
6	Total Assets	2,38,312	5,13,37,124	25,51,704	8,60,54,797	3,37,008
7	Total Liabilities	43,475	54,37,863	2,34,658	84,52,107	93,738
8	Investments	-	-	-	-	-
9	Turnover	51,919	1,38,52,665	6,69,134	2,11,77,770	-
10	Profit before taxation	(2,55,846)	(5,34,12,575)	(229,747)	(1,72,72,115)	(56,730)
11	Provision for taxation	1,265	-	-	-	-
12	Profit after taxation	(2,57,111)	(5,34,12,575)	(229,747)	(1,72,72,115)	(56,730)
13	Proposed dividend	-	-	-	-	-
14	Extent of Shareholding	Wholly Owned	Wholly Owned	Wholly Owned	Wholly Owned	Wholly Owned

Annexure B

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE PERIOD 01st April 2016 to 31st March 2017
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
 The Members
M/S. Quick Heal Technologies Limited
 Pune

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

Secretarial Audit was conducted for the period from 1st April 2016 to 31st March 2017, in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances of the Company and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2017 ("Audit Period"), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and legal compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2017 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;
[Not applicable during the Audit Period]

(vi) OTHER APPLICABLE LAWS:

- a) The Minimum Wages Act, 1948,
- b) Employees' State Insurance Act, 1948,
- c) Provident Fund Act 1952 & Employees' Pension Scheme 1995,
- d) The Payment of Bonus Act, 1965,
- e) Payment of Gratuity Act, 1972,
- f) The Maternity Benefit Act 1961
- g) Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013
- h) Child Labour (Prohibition and Regulation) Act, 1986
- i) Contract Labour (Regulation and Abolition) Act, 1970
- j) Employee's Compensation Act, 1923
- k) Equal Remuneration Act, 1976
- l) Trade Marks & Merchandise Marks Act 1958
- m) The Patents Act, 1970
- n) Competition Act, 2002

- o) 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 Bombay Stock Exchange Limited and SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015

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

I further report that:-

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

Adequate notice is given to all directors to schedule the Board

Meetings, agenda and detailed notes on agenda are sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

The members of the company have ratified the Pre IPO ESOP Scheme 2010 and ESOP Scheme 2014 in the Annual General Meeting held on 5th August 2016. The company subsequently received In Principle Approval to both the Schemes from the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE)

During the year under report, the company has allotted 33,858 equity shares of ₹ 10 each under ESOP Scheme 2010 and 38,319

equity shares of ₹ 10 each under ESOP Scheme 2014 to eligible employees of the company. Following are the details of allotments during the year:

Sr. No.	Date of allotment	Equity Shares allotted under ESOP Scheme 2010	Equity Shares allotted under ESOP Scheme 2014
1.	11 May 2016	890	-
2.	28 June 2016	-	1450
3.	27 August 2016	1740	-
4.	21 October 2016	3300	26869
5.	27 December 2016	26228	1625
6.	20 February 2017	1700	8375
	Total	33858	38319

FOR J B BHAVE & CO.
COMPANY SECRETARIES

SD/-
JAYAVANT BHAVE
PROPRIETOR
FCS No. 4266
CP No. 3068

Place: Pune
Date: 20.04.2017

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 2016-17, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 and the comparison of remuneration of each Key Managerial Personnel (KMP) on CTC basis, against the performance of the Company are as follows:

S. No.	Name of Director / KMP & Designation	Remuneration of Director / KMP for the FY 2016-17 (₹ million)	% increase in Remuneration in the FY 2016-17	Ratio of Remuneration of each Director to the Median remuneration of Employees	Comparison of the remuneration of the KMP against the performance of the Company
1	Kailash Katkar, MD & Chief Executive Officer	12.94	Nil	30.64	The total income increased by 5.266% and decline in profit after tax was 8.08% during financial year 2016-17.
2	Sanjay Katkar, MD & Chief Technical Officer	12.94	Nil	30.64	
3	Abhijit Jorvekar, Executive Director	9.76	3.72	23.12	
4	Shailesh Lakhani Non Executive Director	Nil	Nil	Nil	
5	Mehul Savla Independent Director	0.50	100	1.18	
6	P V Bhide Independent Director	0.80	60	1.89	
7	Sunil Sethy Independent Director	0.80	33.34	1.89	
8	Ms. Apurva Joshi Independent Director	0.25	Nil	0.59	
9	Rajesh Ghonasgi, Chief Finance Officer	11.96	8.04	NA	
10	Vijay Shirode, Company Secretary	1.19	9.17	NA	

2. The median remuneration of employees of the company during financial year 2016-17 was ₹ 422,279.
3. In the financial year 2016-17, there was an increase of 1.31% in the median remuneration of the employees as compared to that of 2015-16.
4. As on 31st March 2017 there were 1332 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 31st March 2017 decreased by 8.08 % whereas the median remuneration increased by 1.31%
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 3.43% from ₹ 47.18 million in 2015-16 to ₹ 48.8 million in 2016-17, whereas Profit After Tax decreased by 8.08% % from ₹ 579.08 Million in 2015-16 to ₹ 532.27 Million in 2016-17.
7. The average percentage increase in salaries of employees excluding Key Managerial Personnel(s) was 9% over the previous year. The average increase in salaries of Key Managerial Personnel(s) was 3.43%. The increase in KMP remuneration was based on the recommendations of the 'Nominations & Remuneration Committee' to revise the remuneration as per the industry benchmark.

8. The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors as per the Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other employees.
9. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year – Not Applicable.
10. It is affirmed that the remuneration paid is as per the Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other employees.

B. Details of the employees who were employed through the financial year and received a remuneration of ₹ 10.02 Million or above p.a. 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	Matriculate	51	7th August 1995	30	Permanent	12.49	Promoter	Brother of Mr. Sanjay Katkar
Sanjay Katkar	Managing Director & CTO	Master in Computer Science	47	7th August 1995	21	Permanent	12.49	Promoter	Brother of Mr. Kailash Katkar
Rajesh Ghonasgi	Chief Financial Officer	B.Com; FCA; ACS.	55	2nd September 2013	29	Permanent	12.54	Komli Media	No

*Total Remuneration includes salary, allowances, bonus, perquisites and value of IPO Bonus.

Annexure D

ESOP Details as on 31st March 2017

Particulars	Details	
	ESOP 2010	ESOP 2014
Options granted	Total options granted until date: 1,662,800 Options granted during fiscal 2017: Nil Options granted during fiscal 2016: Nil Options granted during fiscal 2015: 122,000 Options granted during fiscal 2014: 104,000	Total options granted until date: 7,62,900 Options granted during fiscal 2017: 1,83,000 Options granted during fiscal 2016: 210,000 Options granted during fiscal 2015: 369,900 Options granted during fiscal 2014: Nil
Pricing formula	discounted cash flow method	
Exercise price of options	₹ 37.50 to ₹ 110.00	₹ 110.00 to ₹ 237.40/-
Total number of options vested	14,14,409	2,02,892
Total number of options exercised	11,42,391	1,07,095
Total number of Equity Shares that would arise as a result of full exercise of options already granted	14,28,678	6,69,842
Options forfeited/lapsed/cancelled	2,34,122	93,058
Variation in terms of options	Nil	Nil
Options outstanding (in force)	2,86,287	5,62,747
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 Accounting Standard (AS) 20 'Earning Per Share'	₹ 8.40	
Difference between employee compensation cost using the fair value method and the employee compensation cost that shall have been recognised if our Company had used fair value of options and impact of this difference on profits and EPS of our Company	NIL Impact on EPS (basic): 0.05 Impact on EPS (diluted): 0.05	
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: ₹ 69.89	Weighted average exercise price: ₹ 152.64
	Weighted average fair value: 82.59	

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: 6.48% - 6.72%; ii. Expected life: Grant I :5.87 - 7.35 Grant II:4.53 - 6.50 Grant III:3.95 - 6.50 Grant IV:3.95 - 6.50 Grant V :3.64 - 6.50 Grant VI: 3.50 - 6.50 Grant VII: 3.50 - 6.50 Grant VIII: 3.50 - 6.50 Grant IX: 3.50 - 6.50 Grant X : 3.64 - 6.64 iii. Expected volatility: 28.27% - 29.56% iv. Expected dividends: 1.05% v. Price of underlying share in market at the time of Grant X of option: 237.40	
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 2016-17: ₹ 6.03 Million Fiscal 2015-16: ₹ 4.37 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*
Abhijit Jorvekar	163,600	158,600	156,100	-	7,500
Rajesh Ghonasgi	104,000	78,000	26,000	-	78,000
Total	267,600	236,600	182,100	-	85,500

* 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**
Vijay Shirode	3,500	875	875	-	2,625
Total	3,500	875	875	-	2,625

** 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 2016-17

Name of Employee	Total No. of options granted	Grant Price
Mr. Vijay Yashwant Mhaskar	125,000	237.40
Mr. Rohit Srivastwa	31,000	237.40
Mr. Vishal Kumar	15,000	237.40
Mr. Sunil Kushal Patil	12,000	237.40
Total	183,000	---

Annexure E

FORM AOC-2

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

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

1. Details of contracts or arrangements or transactions not at Arm's length basis: None

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

2. Details of contracts or arrangements or transactions at Arm's length basis:**Contract 1**

Sr. No.	Particulars	Details
a)	Name (s) of the related party	Kailash Sahebrao Katkar HUF
b)	Nature of Relation ship	Mr. Kailash Katkar is a Managing Director & CEO
c)	Nature of contracts / arrangements /transaction	Lease Deed
d)	Duration of the contracts/ arrangements / transaction	10 years
e)	Salient terms of the contracts or arrangements or transaction	Hiring of Property
f)	Justification for entering into such contracts or arrangements or transactions	Approval of shareholders obtained on 11th June 2014
g)	Date of approval by the Board	11th May 2016
h)	Amount incurred during the year (₹ In Million)	0.82

Contract 2

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 11th June 2014
g)	Date of approval by the Board	11th May 2016
h)	Amount incurred during the year (₹ In Million)	0.82

Contract 3

Sr. No.	Particulars	Details
a)	Name (s) of the related party	Mrs. Anupama Katkar
b)	Nature of Relation ship	Relative of Mr. Kailash Katkar, Managing Director & CEO
c)	Nature of contracts / arrangements /transaction	Lease Deed
d)	Duration of the contracts/ arrangements / transaction	10 years
e)	Salient terms of the contracts or arrangements or transaction	Hiring of Property
f)	Justification for entering into such contracts or arrangements or transactions	Approval of shareholders obtained on 11th June 2014
g)	Date of approval by the Board	11th May 2016
h)	Amount incurred during the year (₹ In Million)	0.25

Contract 4

Sr. No.	Particulars	Details
a)	Name (s) of the related party	Mrs. Chhaya Katkar
b)	Nature of Relation ship	Relative of Mr. Sanjay Katkar, 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 11th June 2014
g)	Date of approval by the Board	11th May 2016
h)	Amount incurred during the year (₹ In Million)	0.25

Contract 5

Sr. No.	Particulars	Details
a)	Name (s) of the related party	Mr. Kailash Katkar
b)	Nature of Relation ship	Managing Director & CEO
c)	Nature of contracts / arrangements /transaction	Lease Deed
d)	Duration of the contracts/ arrangements / transaction	3 years
e)	Salient terms of the contracts or arrangements or transaction	Hiring of Property
f)	Justification for entering into such contracts or arrangements or transactions	Approval of shareholders obtained on 11th June 2014
g)	Date of approval by the Board	11th May 2016
h)	Amount incurred during the year (₹ In Million)	0.96

Annexure F

CORPORATE SOCIAL RESPONSIBILITY

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

Sr. No.	Particulars	Details
1.	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken	The CSR Committee decided to spend amount as per Schedule VII activities of Companies Act, 2013.
2.	The Composition of the CSR Committee	Members of CSR Committee are: Ms. Apurva Joshi, Chairperson Mr. Sanjay Katkar, Member Mr. Kailash Katkar, Member
3.	Average net profit of the company for last three financial years	93,94,70,701
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	1,87,89,594
5.	Details of CSR spent during the financial year 2016-17 a) Total amount to be spent for the financial year 2016-17 b) Amount un-spent, if any	1,87,89,594 47,89,594

(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 Local area or other Specify the state and district where projects or programs was undertaken	Amount outlay (budget) projects or programs wise	Amount spent on projects or programs Direct on projects or programs Overheads	Cumulative expenditure upto the reporting period	Amount spent Direct or through implementing agency
3	Education, Social Activity & Administrative Overheads	Cyber Awareness, Environmental sustainability	Maharashtra	140,00,000	140,00,000	140,00,000	Through Quick Heal Foundation
Total	140,00,000	140,00,000	140,00,000				

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)

Financial Year ended on 31st March 2017

I. Registration & Other Details

i)	CIN	L72200MH1995PLC091408
ii)	Registration Date	7th August 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-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai – 400 078 Phone: 022 - 2594 6970

II. Principal business activities of the Company :

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sr. No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Sale of Internet Security Products and Software Support Services	892	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 (MENA) FZE PO Box No. 17214, RAS Al Khaimeah Free Zone, UAE	RAKFTZA-FZE-4012669	Subsidiary	100%	Section 2(87) of The Companies Act, 2013
3	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
4	Quick Heal Technologies America, Inc. 1 Courthouse Lane, Unit 7 Chelmsford MA 01824	101019922	Subsidiary	100%	Section 2(87) of The Companies Act, 2013
5.	Seqrite Technologies DMCC	DMCC67651	Subsidiary	100%	Section 2(87) of The Companies Act, 2013

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	51,030,720	–	51,030,720	72.87	51,030,720	–	51,030,720	72.79	Nil
a.	Individual / HUF	–	–	–	–	–	–	–	–	–
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	72.87	51,030,720	–	51,030,720	72.79	-
2	Foreign									
a.	NRI Individuals	–	–	–	–	–	–	–	–	–
b.	Other Individuals	–	–	–	–	–	–	–	–	–
c.	Bodies Corporate	–	–	–	–	–	–	–	–	–
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	72.87	51,030,720	–	51,030,720	72.79	–
B. Public Shareholding										
1	Institutions	–	–	–	–	–	–	–	–	–
a.	Mutual Funds / UTI	2,468,327	–	2,468,327	3.52	514,441	-	514,441	0.73	(2.79)
b.	Banks / FIs	57,449	–	57,449	0.08	94,379	-	94,379	0.13	0.05
c.	Central Govt.	–	–	–	–	–	–	–	–	–
d.	State Govt. (s)	–	–	–	–	–	–	–	–	–
e.	Venture Capital Funds	–	–	–	–	–	–	–	–	–
f.	Insurance Companies	1,216,396	–	1,216,396	1.73	–	–	–	–	(1.73)
g.	FIs	–	–	–	–	–	–	–	–	–
h.	Foreign Venture Capital funds	3,665,410	–	3,665,410	5.24	3,665,410	–	3,665,410	5.23	–
i.	Others Foreign Co.					–	–	–	–	–
j.	Foreign Portfolio Investor	2,243,442	-	2,243,442	3.20	23,37,565	-	23,37,565	3.33	0.13

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	
Sub-total (B)(1)		9,651,024	-	9,651,024	13.78	66,11,795	-	66,11,795	9.42	(4.36)
2	Non-institutions									
a.	Bodies Corp. (Indian and Overseas)	2,066,147	-	2,066,147	2.95	17,97,057	-	17,97,057	2.56	(0.39)
b.	Individuals									
i)	Individual shareholders holding nominal share capital upto ₹ 2 Lakh	5,275,118	1	5,275,119	7.53	71,86,034	1	71,86,035	10.25	2.72
ii)	Individual shareholders holding nominal share capital in excess of ₹ 2 Lakh	1,062,339	-	1,062,339	1.52	20,04,601	-	20,04,601	2.86	1.34
c.	Others	-	-	-	-	-	-	-	-	-
i)	Clearing Member	616,150	-	616,150	0.88	4,88,293	-	4,88,293	0.70	(0.18)
ii)	NBFCs registered with RBI	-	-	-	-	-	-	-	-	-
iii)	Foreign National	500	-	500	0.0007	200	-	200	0.0003	(0.0004)
iv)	NRI	13,570	-	13,570	0.02	4,96,845	-	4,96,845	0.71	0.69
v)	Hindu undivided Family	314,459	-	314,459	0.45	4,85,479	-	4,85,479	0.69	0.24
vi)	Trust	-	-	-	-	1,180	-	1,180	0.0017	0.0017
Sub-total (B)(2)		9,348,284	-	9,348,284	13.35	1,24,59,689	1	1,24,59,690	17.77	4.42
Total Public Shareholding										
(B) = (B)(1) + (B)(2)		18,999,307	1	18,999,308	27.13	1,90,71,484	1	1,90,71,485		-
C.	Shares held by Custodian for GDRs / ADRs	-	-	-	-	-	-	-	-	-
D. Grand Total (A+B+C)		70,030,027	1	70,030,028	100.00	7,01,02,204	1	7,01,02,205	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	29.29	-	20,511,384	29.26	-	-
2	Sanjay Sahebrao Katkar	20,511,384	29.29	-	20,511,384	29.26	-	-
3	Anupama K Katkar	5,003,976	7.145	-	5,003,976	7.14	-	-
4	Chhaya S Katkar	5,003,976	7.145	-	5,003,976	7.14	-	-

iii. Change in Promoter's Shareholding (please specify, if there is no change): There was no change in shares held by promoter during the year under review.

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			No. of Shares	% of total shares of the company
1	Sequoia Capital India Investment Holdings III	3,665,410	5.23	-	-	3,665,410	5.23
2.	Birla Sun Life Insurance Company Limited	1,216,396	1.74		1,216,396	-	-
3.	National Westminster Bank Plc As Trustee Of The Jupiter India Fund	900,000	1.28	219,748	-	1,119,748	1.60
4.	Reliance Capital Trustee Co. Ltd-a/c reliance small cap fund	664,280	0.95		664,280	-	-
5.	BNP Paribas Arbitrage	623,070	0.89	-	623,070	-	-
6.	Reliance Life Insurance Company Limited	386,412	0.55	-	386,412	-	-
7.	Jupiter South Asia Investment Company Limited - South Asia Access Fund	360,000	0.51	19,109	-	379,109	0.54
8.	Sundaram Mutual Fund A/C Sundaram	311,535	0.44	-	311,535	-	-
9.	Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Equity Fund	311,535	0.44	-	311,535	-	-
10.	HSBC Global Investment Funds - Indian Equity	228,412	0.33	297,582	-	525,994	0.75
11	Ramesh Damani	-	-	454,792	-	454,792	0.65
12	Arvind Khattar	-	-	252,684	-	252,684	0.36
13	ICICI Prudential Growth Fund - Series 6	-	-	185,366	-	185,366	0.26
14	ICICI Prudential Growth Fund - Series 2	-	-	185,318	-	185,318	0.26
15	Edelweiss Custodial Services Ltd	-	-	174,372	-	174,372	0.25
16	ICICI Prudential Growth Fund - Series 5	-	-	143,757	-	143,757	0.21

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	29.29	–	–	20,511,384	29.26
2	Sanjay Sahebrao Katkar	20,511,384	29.29	–	–	20,511,384	29.26
3	Abhijit Jorvekar	156,100	0.22	–	–	22,100	0.03
4	Rajesh Ghonasgi	26,630	0.04	–	–	26,630	0.04
5	Vijay Shirode	–	–	–	–	875	0.00

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 Sahebrao Katkar	Managing Director & CEO	12.49
2.	Mr. Sanjay Sahebrao Katkar	Managing Director & CTO	12.49
3.	Mr. Abhijit Shantaram Jorvekar	Executive Director	7.42

B Remuneration to other Directors: None

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

Sr. No	Name of Director	Designation	Remuneration (in Million)
1.	Mr. Rajesh Ghonasgi	Chief Financial Officer	12.54
2.	Mr. Vijay Shirode	Company Secretary	1.14

VIII. Penalties / Punishment / Compounding of Offences: Nil

Report on Corporate Governance

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

1. Company's philosophy

The Company firmly believes that good Corporate Governance is a set of systems and business practices which assures the stakeholders that the affairs of the Company are being managed in the transparent manner. It is also a journey for value creation which leads to sustainable growth. At Quick Heal, it is the endeavor to make corporate governance standards comparable with best of the Corporates and that all actions must serve the underlying goal of enhancing shareholder value, consistently.

2. Board of Directors:

The Board of Directors ("Board") of the Company strives to achieve higher standards and provide oversight and guidance to Management in strategy implementation, risk management and fulfillment of stated goals and objectives.

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

(i) Composition

The Company's policy is to maintain optimum combination of Executive and Non-Executive and Independent Directors. The Board comprises of eight Directors including four Independent Directors. The composition of the Board is in conformity with the Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR, 2015") and also the provisions of the Section 149 of the Companies Act, 2013 ("Act"). Members of the Board possess rich experience and expertise which are relevant for them to guide and give directions from time to time on the strategic matters. All the Independent Directors have given declarations that they meet the independence criteria as stipulated under Section 149 of the Act.

(iii) Board Meetings

During the financial year 2016-17, 6 (six) Board meetings were held on 22nd April, 2016, 11th May, 2016, 5th August, 2016, 11th November, 2016, 3rd February, 2017 & 24th March, 2017. The maximum time gap between any two meetings did not exceed

prescribed period of one hundred and twenty days.

(iv) Attendance of Directors, other Directorships, etc.

Attendance of Directors at the Board Meetings, last Annual General Meeting and number of Directorships and Chairpersonships / Memberships of Committee(s) in other 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) #	No. of Memberships (M)/ Chairpersonships (C) in board Committee(s) [including this Company]^
Mr. Kailash Sahebrao Katkar	06	Yes	01	0(C), 02(M)
Mr. Sanjay Sahebrao Katkar	06	Yes	01	Nil
Mr. Abhijit Jorvekar	06	Yes	01	Nil
Mr. Shailesh Lakhani	03	No	01	Nil
Mr. Pradeep Vasudeo Bhide	06	Yes	08	02(C), 06(M)
Mr. Mehul Mulchand Savla	05	Yes	01	01(C), 02(M)
Mr. Sunil Vikram Sethy	05	Yes	04	02(C), 01(M)
Ms. Apurva Pradeep Joshi	06	Yes	01	0(C), 02(M)

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

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

[^] Only Covers Memberships/Chairpersonships of Audit Committee & Stakeholders relationship Committee.

(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, including information as specified in Part A of Schedule II to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are made available to the Board well in advance to enable the Board to discharge its responsibilities effectively and take informed decisions. Presentations are also made to the Board by the Business and Function Heads on operations and various issues 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 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/brochures, 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 Board Committee meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. The Key Managerial Personnel / Senior Managerial Personnel through periodic presentations 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 LODR, 2015 is uploaded on the website of the Company and can be accessed through following link: www.quickheal.com

3. Board Committees

The Committees constituted by the Board play a very important role in the governance structure of the Company. The composition and the terms of reference of these Committees are approved by the Board and are in line with the requirement of the Companies Act, 2013 and as per applicable Clauses of LODR, 2015. Currently (i.e. 31st March, 2017) there are following 4 (Four) committees of the Directors viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee.

(i) Audit Committee

Composition and Attendance:

During the year under review, the Audit Committee met on 22nd April, 2016, 11th May, 2016, 5th August, 2016, 10th November, 2016 and 2nd February, 2017

Composition of the Committee and the attendance at the Meetings are given below:

Name	Status	Number of Meetings Attended
Mr. Sunil Vikram Sethy	Chairperson	5
Mr. Kailash Sahebrao Katkar	Member	5
Ms. Apurva Pradeep Joshi	Member	5
Mr. P. V. Bhide*	Member	3

* Mr. P. V. Bhide has been inducted into the Committee in Board meeting held on 11th May, 2016.

The Chief Financial Officer regularly attends the Committee meetings and the Company Secretary acts as the Secretary of the Committee.

Terms of Reference:

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

Whistle Blower Policy – Vigil Mechanism

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

The WBP provides for establishment of vigil mechanism for Directors and Employees to report genuine concerns or grievances. It facilitates the Employees, Directors and other stakeholders to report any suspected violations promptly. 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 improper activity

including financial irregularities, 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 and other 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 comprises of three Directors, all being Independent. During the financial year ended 31st March, 2017.

The Committee met on 22nd April, 2016, 11th May, 2016 and 11th November, 2016

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

Name	Status	Number of Meetings Attended
Mr. Mehul Mulchand Savla	Chairperson	3
Mr. Sunil Vikram Sethy	Member	3
Ms. Apurva Pradeep Joshi*	Member	2
Mr. P.V. Bhide*	Member	1

Mr. P V Bhide was inducted into the Committee in place of Ms. Apurva Joshi in the Board meeting held on 11th May, 2016.

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 for the financial year ended 31st March 2017:

(a) Managing Directors/Executive Director

Sr. No.	Name of the Director	Gross salary (in ₹)	Commission/ Incentive(in ₹)	Contribution to PF (in ₹)	Other (in ₹)	Total. (in ₹)	Notice period
1.	*Mr. Kailash Sahebrao Katkar	1,06,40,009	18,50,000	Nil	Nil	1,24,90,009	6(six) Months
2.	*Mr. Sanjay Sahebrao Katkar	1,06,40,009	18,50,000	Nil	Nil	1,24,90,009	6(six) Months
3.	Mr. Abhijit Jorvekar	63,12,223	9,56,200	21,600	1,28,592	74,18,615	90 days

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

(b) Non-Executive Directors

Particulars of sitting fee paid to the Non-Executive Directors during the financial year ended 31st March, 2017 are as follows:

Sr. No.	Name of the Director	*Sitting fees paid(in ₹)
1.	Mr. PV Bhide	2,65,000/-
2.	Mr. Sunil Sethy	2,95,000/-
3.	Mr. Mehul Savla	1,90,000/-
4.	Ms. Apurva Joshi	2,70,000/-

* sitting fees is exclusive of service tax.

No commission has been paid to the non-executive directors.

There were no material pecuniary relationship or transactions between the Company and Non-Executive Directors during the financial year 2016-2017.

There were no convertible instruments issued to any of the Non-Executive Directors of the Company. None of the Non-Executive Directors hold any equity shares of the Company as on 31st March, 2017.

Stock Options granted to Directors

In terms of ESOP, 2010 of the Company, Directors have been granted Stock Options (ESOPs) as mentioned below:

Sr. No	Name of the Director	No. of ESOP's Granted on 10th June, 2010	No. of ESOP's Granted on 6th September, 2014	No. of ESOP's Vested on 1st July, 2011	No. of ESOP's Vested on 2nd July, 2012	No. of ESOP's Vested on 1st July, 2013	No. of ESOP's Vested on 1st July, 2014	No. of ESOP's Vested on 24th September, 2015	No. of ESOP's Vested on 24th September, 2016
1.	Mr. Abhijit Jorvekar	153600	10000	38400	38400	38400	38400	2500	2500

(iii) Stakeholders Relationship Committee:

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

The Stakeholders Relationship Committee comprises of four Directors, of which three are Independent and one is Executive Director. The Stakeholders Relationship Committee is headed by Mr. Pradeep Vasudeo Bhide, Independent Director of the Company. 2(Two) meetings of the Committee were held during the financial year ended 31st March, 2017.

During the year under review, the Stakeholders Relationship Committee met on 22nd April, 2016 and 11th November, 2016.

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

Name	Status	Number of Meetings Attended
Mr. Mehul Mulchand Savla	Member	2
Mr. Sunil Vikram Sethy*	Member	1
Mr. Kailash Katkar	Member	2
Mr. P.V. Bhide	Chairperson	2

* Mr. Sunil Vikram Sethy has been inducted into the Committee in Board meeting held on 11th May, 2016.

Pursuant to the LODR, 2015 and Listing Agreement with the Stock Exchanges, Mr. Vijay Shirode has been appointed as the Compliance Officer who monitors the share transfer process and liaises with the Authorities such as SEBI, Stock Exchanges, and Registrar of Companies etc. The Company complies with the various requirements of the LODR, 2015 & Listing Agreement and depositories with respect to transfer of shares and share certificates are sent to them within the prescribed time.

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

The Company has appointed M/s. Link Intime Private Limited as its Registrar & Share Transfer Agent (R&T Agent) for maintain the records/Registers as may be required and servicing the shareholders. All requests for dematerialization of shares are processed and confirmations thereof are communicated to the investors within the prescribed time.

During the year, 1 (One) complaint was received which was resolved within stipulated time.

(iv) Corporate Social Responsibility Committee:**Composition:**

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

During the year under review, CSR Committee met on 11th May, 2016.

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

Name	Status	No. of Meetings Attended
Ms. Apurva Pradeep Joshi	Chairperson	1
Mr. Kailash Sahebrao Katkar	Member	1
Mr. Sanjay Sahebrao 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.

4. General Body Meetings:

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

Sr. No.	Date	Time	Venue	Details of Special Resolution passed
1.	Friday, 5 th August, 2016	11:00 AM	Pandit Jawaharlal Nehru Sanskrutik Bhavan, 1187/21, Ghole Road, Opposite Mahatma Phule Museum, Shivajinagar, Pune, Maharashtra – 411 005	1. Appointment of Ms. Anupama Katkar to place of profit. 2. Ratification and Remuneration of Cost Auditors. 3. Ratification of Employee Stock option Scheme 2010. 4. Ratification of Employee Stock option Scheme 2014.
2.	Thursday, 24 th September, 2015	04:00 PM	Marvel Edge, Office No. 7010, C&D Floor, Opposite Neco Garden Society, Viman Nagar, Pune – 411 014	1. Initial public Offer & Offer for sale. 2. Increase in FII Limit.
3.	Monday, 29 th September, 2014	11:00 AM	603, Mayfair Towers II, Wakdewadi, Shivaji Nagar, Pune – 411 005	None

During financial year ended 31st March, 2017, none of the Resolutions were passed by the Members through Postal ballots.

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

5. Disclosures:

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

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

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

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

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

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

(iv) Compliance with non-mandatory requirements (as on 31st March, 2017)

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

(1) Shareholders' Rights

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

(2) Audit Qualifications

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

6. Means of Communication:

i)	Quarterly Results	The quarterly, half yearly and yearly financial results of the Company are regularly mailed /sent to the stock exchanges immediately after they are approved by the Board. The results are also published in the Newspapers, in the prescribed format under the LODR.
ii)	Newspapers wherein results normally published	Financial Express and Janashakati
iii)	Any website, where displayed	www.quickheal.com
iv)	Whether it also displays official news releases	The Company displays the Press Releases as and when released.
v)	The Presentations made to institutional investors or to the analysts	The Company holds Analysts' Conference Calls and meetings from time to time and Presentations made thereat are also sent to the Stock Exchanges as well as displayed on the website of the Company.

7. General Shareholders' Information

7.1	Annual General Meeting: - Date and Time - Venue	Friday, 11th August, 2017 at 11.00 A.M. Pune	
7.2	Financial Calendar 2017 – 18 (Tentative) :	Annual General Meeting by <i>Financial Reporting</i> Results for quarter ending June 30, 2017 Results for quarter ending Sep. 30, 2017 Results for quarter ending Dec. 31, 2017 Audited Financial Results for year ending Mar. 31, 2018	September, 2018 On or before 14th August, 2017 On or before 14th November, 2017 On or before 14th February, 2018 On or before 30th May, 2018
7.3	Book Closure date :	Saturday, 5th August, 2017 to Friday, 11th August, 2017 (both days inclusive) for Annual General Meeting.	
7.4	Dividend Payment date :	On or before 31st August, 2017.	
7.5	Unclaimed Shares :	None	
7.6	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	
	(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	

7.8 Stock Market Price Data National Stock Exchange of India Ltd.(NSE) BSE Limited (BSE)				
Month	Month's High Price (In ₹)	Month's Low Price (In ₹)	Month's High Price (In ₹)	Month's Low Price (In ₹)
April, 2016	274.75	215.40	282.2	209.1
May, 2016	273.80	232.75	278.8	220
June, 2016	274.00	232.75	278.4	229.1
July, 2016	292.60	252.25	297.5	250.2
August, 2016	270.65	234.95	277.00	234.00
September, 2016	239.35	217.10	243.55	212.2
October, 2016	258.80	228.55	266.15	220.00
November, 2016	255.55	223.45	264.3	202.45
December, 2016	284.80	226.35	295.85	224.7
January, 2017	276.15	253.45	282.2	248.45
February, 2017	278.00	247.85	285.00	244.00
March, 2017	247.50	234.90	251.30	232.00

Note: Based on the Monthly closing data of BSE & NSE.

7.1	Share Transfer System:	Share transfer requests for shares in physical form 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.
7.10	Registrar & Share Transfer Agents:	Link Intime India Private Limited, Pannalal Silk Mills Compound,, C-13, Lal Bahadur Shastri Marg, Subhash Nagar, Bhandup West, Mumbai, Maharashtra 400078, Phone:022 2594 6970
	Distribution of shareholding as at 31st March, 2017:	Link Intime India Private Limited, Pannalal Silk Mills Compound,, C-13, Lal Bahadur Shastri Marg, Subhash Nagar, Bhandup West, Mumbai, Maharashtra 400078, Phone:022 2594 6970

7.12 Distribution of shareholding as at 31st March, 2017:				
By size of shareholding			Equity shares held	
Shareholders				
Nominal Value(₹)	Number	Percentage (%)	Number	Percentage (%)
1 - 5,000	64,945	96.60	42,62,407	6.08
5,001 - 10,000	1105	1.64	9,09,012	1.30
10,001 - 20,000	559	0.83	8,71,638	1.24
20,001 - 30,000	183	0.27	4,74,473	0.68
30,001 - 40,000	99	0.15	3,52,238	0.51
40,001 - 50,000	72	0.11	3,37,141	0.48
50,001 - 1,00,000	111	0.17	8,45,037	0.20
1,00,001 & Above	156	0.23	6,20,50,259	89.00
TOTAL	67,230	100	7,01,02,205	100
Physical Mode	01	Negligible	01	Negligible
Electronic Mode	67,229	100	7,01,02,204	100.00

By size of shareholding	Equity Shares held	
	Number of Shares	Percentage(%)
Clearing Members	488293	0.70
Other Bodies Corporate	1797057	2.56
Financial Institutions	77430	0.11
Hindu Undivided Family	485479	0.69
Mutual Funds	514441	0.73
Non Nationalised Banks	16949	0.02
Foreign Nationals	200	0.003
Non Resident Indians	441679	0.63
Non Resident (Non Repatriable)	55166	0.78
Public	9190635	13.11
Promoters	51030720	72.79
Trusts	1180	0.002
Foreign Venture Capital	3665410	5.23
Foreign Portfolio Investors (Corporate)	2337565	3.33
TOTAL	7,01,02,205	100

7.13	Dematerialisation of shares	All shares except one are in dematerialised form as at 31st March, 2017.
7.14	Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion dates and likely impact on equity.:	Nil
7.15	Plant locations:	Nil
7.16	Investor Correspondence: For transfer / dematerialisation of shares, payment of dividend on shares, query on Annual Report and any other query on the shares of the Company.	M/s Link Intime India Private Limited Block No. 202, Second Floor, Akshay Complex, Off Dhole Patil Road, Pune – 411 001, Maharashtra, India Tel: +91 (20) 2616 1629/ 2616 0084; Fax: +91 (20) 2616 3503; email id: pune@linkintime.co.in; website: www.linkintime.co.in
	Shareholders holding shares in electronic mode should address all their correspondence relating to change of address, bank mandate and status to their respective Depository Participants (DPs).	

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

(a) Risk Management Framework:

The Company has in place a mechanism to inform the Board Members about the risk assessment and minimization procedures and periodical reviews to ensure that risk is identified by the executive management through the means of a properly defined framework and actions are taken for minimisation/mitigation thereof.

(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 financial controls to the Board in terms of LODR, 2015. They also give quarterly certification on financial results while placing the financial results before the Board.

(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.

General Disclosures

- (i) A summary of transactions with related parties in the ordinary course of business is periodically placed before the audit committee;
- (ii) The mandatory disclosure of transactions with related parties in compliance with Accounting Standard AS-18 is a part of this annual report;
- (iii) The Policy on Related Party Transactions and for determining Material Subsidiaries is disclosed and available in weblink of the company i.e. www.quickheal.com/policies.
- (iv) While preparing the annual accounts in respect of the financial year ended 31st March, 2017, no accounting treatment was different from that prescribed in the Accounting Standards;

- (v) The Company does not have a material non-listed Indian subsidiary as defined under Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, the Company has unlisted subsidiary companies abroad. The minutes of the Board meetings of the subsidiary companies are placed at the Board meetings of the Company.

Details of significant transactions and arrangements entered into by the subsidiary companies are noted by the Board. The Audit Committee of the Company reviews the financial statements of the subsidiary companies, including investments made by such subsidiaries

The Company has adopted a policy for determining material subsidiaries which is displayed on the Company's website www.quickheal.co.in

- (vi) The Company has adopted a Code of Conduct for Prevention of Insider Trading as well as a Code of Corporate Disclosure Practices (Code), as prescribed by the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Compliance Officer is responsible for monitoring adherence to the rules for the preservation of Unpublished Price Sensitive Information, pre-clearance of trades, monitoring of trades and implementation of the Code for trading in the Company's securities, under the overall supervision of the Board. All Directors and Identified Employees and other Designated Persons, who could be privy to the Unpublished Price Sensitive Information of the Company, are governed by this Code.

Mr. Vijay Shirode, has been appointed as the Compliance Officer for the purpose of this Code.

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

To
The Members of Quick Heal Technologies Limited

We have examined the compliance of conditions of corporate governance by Quick Heal Technologies Limited, for the year ended on March 31, 2017, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our 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 our opinion and to the best of our information and according to the explanations given to us, we 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 of the said Company with stock exchanges.

We 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 Bhavé & Co.
Company Secretaries

Jayavant Bhavé
Proprietor
FCS: 4266
CP: 3068

Date: 20.04.2017
Place: Pune

Compliance Certificate: Chief Executive Officer and Chief Financial Officer

- A. We have reviewed financial statements and the cash flow statement for period 1st April, 2016 to 31st March, 2017 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 1st April, 2016 to 31st March, 2017 which are 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 have 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 1st April, 2016 to 31st March, 2017;
 - 2) significant changes in accounting policies during the period 1st April, 2016 to 31st March, 2017 and that the same have been disclosed in the notes to the financial statements; and
 - 3) instances of significant fraud of which we 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

Rajesh Ghonasgi
Chief Financial Officer

Place: Pune
Date: 12th May, 2017

Risk Management Report

Overview:

Quick Heal Technologies Ltd ("QUICK HEAL") (Formerly Known as Quick Heal Technologies Pvt. Ltd.) is one of the leading IT security solutions company. Each Quick Heal product is designed to simplify IT security management across the length and depth of devices and on multiple platforms. They are 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 institutionalising the decision making process and monitoring the exposures that are faced by QUICK HEAL, a formalised Risk Management System is being implemented on an Enterprise-Wide-Scale (ERM).

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

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

QUICK HEAL is committed to ensuring:

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

The Risk Management Charter establishes a formal framework of Enterprise Risk Management in Quick Heal and is the basis for all ERM related activities in the organisation. (DO we have this called the Charter, or something else? We have to check the words used in the minutes of the BOD)

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 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

Independent Auditor's Report

To the Members of Quick Heal Technologies Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Quick Heal Technologies Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss including Other Comprehensive Income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified

under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2017, their consolidated profit including other comprehensive income, and their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to Note 34(c) of the consolidated Ind AS financial statements wherein it is stated that the Company has received statements of demand of service tax under the provision of Finance Act, 1994 for INR 846.06 million (excluding penalty of INR 589.26 million) for the period from March 01, 2011 to March 31, 2015 and as more fully discussed therein and based on the matter stated therein including legal opinion obtained by the Company, no provision has been considered by the management in these financial statements including similar liability for the subsequent period till March 31, 2017.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company none of the directors of the Group's companies is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, since none of the subsidiaries are incorporated in India, no separate report on internal financial controls over financial reporting of the Group is being issued;
- (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 consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 34(c) to the consolidated Ind AS financial statements;
 - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2017;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2017; and
 - iv. The Company has provided requisite disclosures in Note 44(b) to these consolidated Ind AS financial statements as to the holding of Specified Bank Notes (SBNs) on November 8, 2016 and December 30, 2016

as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and relying on the management representations, except for the details regarding nature of payments made through SBNs and other denomination notes as more fully described in Note 44(b) to these consolidated Ind AS financial statements upon which we are unable to comment on in the absence of specific information, which as represented to us, is in the process of being compiled by the management, we report that these disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

Other Matter

- (a) We did not audit the financial statements and other financial information, in respect of five subsidiaries, whose Ind AS financial statements include total assets of INR 153.41 million and net assets of INR 138.04 million as at March 31, 2017, and total revenues of INR 44.83 million and net cash inflows of INR 31.11 million for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

Our above opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements above, 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

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevial Khandelwal**

Partner

Membership Number: 501160

Place of Signature: Pune

Date: May 12, 2017

Consolidated Balance Sheet

as at March 31, 2017

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

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Assets				
Non-current assets				
(a) Property, plant and equipment	6	1,782.23	1,323.54	1,001.95
(b) Capital work-in-progress		135.89	550.58	737.55
(c) Intangible assets	7	65.39	93.74	108.54
(d) Financial assets				
(i) Investments	8	66.66	40.08	3.94
(ii) Loans and security deposits	9	4.50	1.52	0.64
(iii) Other financial assets	10	1.83	2.00	1.24
(e) Deferred tax assets (net)	30	87.30	77.80	56.44
(f) Other non-current assets	15	244.79	177.38	172.10
		2,388.59	2,266.64	2,082.40
Current assets				
(a) Inventories	11	79.40	66.69	78.42
(b) Financial assets				
(i) Investments	8	1,750.82	1,113.21	1,324.33
(ii) Trade and other receivables	12	971.83	923.81	625.55
(iii) Cash and cash equivalents	13	592.54	1,167.24	125.05
(iv) Bank balances other than (iii) above	14	1,501.16	1,523.30	1.35
(v) Loans and security deposits	9	6.21	70.19	11.09
(vi) Interest accrued and share issue expenses recoverable	10	8.73	18.73	0.15
(c) Other current assets	15	35.96	23.48	45.35
		4,946.65	4,906.65	2,211.29
Total assets		7,335.24	7,173.29	4,293.69
Equity and liabilities				
Equity				
(a) Equity share capital	16	701.02	700.30	610.70
(b) Share application money pending allotment		0.06	-	-
(c) Other equity	17			
(i) Retained earnings		3,132.04	2,809.39	2,715.70
(ii) Securities premium account		2,297.36	2,291.14	-
(iii) Amalgamation reserve		26.45	26.45	26.45
(iv) General reserve		450.26	450.26	450.26
(v) Other reserves		9.42	15.97	7.63
Total equity		6,616.61	6,293.51	3,810.74
Liabilities				
Non-current liabilities				
(a) Net employee defined benefit liabilities	21	22.73	18.34	11.69
		22.73	18.34	11.69
Current liabilities				
(a) Financial liabilities				
(i) Trade and other payables	18	408.96	509.85	351.65
(ii) Other financial liabilities	19	13.16	10.25	11.45
(b) Other current liabilities	20	136.25	160.76	88.35
(c) Net employee defined benefit liabilities	21	14.42	14.79	19.81
(d) Current tax liabilities (net)	22	123.11	165.79	-
		695.90	861.44	471.26
Total liabilities		718.63	879.78	482.95
Total equity and liabilities		7,335.24	7,173.29	4,293.69

Summary of significant accounting policies

3

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

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevial Khandelwal**

Partner

Membership Number: 501160

Place: Pune

Date: May 12, 2017

**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 12, 2017

Rajesh Ghonasgi

Chief Financial Officer

Place: Pune

Date: May 12, 2017

Sanjay KatkarManaging Director
& Chief Technical Officer

DIN: 00397277

Place: Pune

Date: May 12, 2017

Vijay Shirode

Company Secretary

Place: Pune

Date: May 12, 2017

Consolidated Statement of Profit and Loss

for the year ended March 31, 2017

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

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Income			
Revenue from operations	23	2,999.73	3,020.90
Finance income	24	244.20	65.41
Other income	25	40.31	33.62
Total income		3,284.24	3,119.93
Expenses			
Cost of materials consumed	26 (a)	19.43	39.60
Purchase of security software products	26 (b)	128.56	123.37
(Increase)/decrease in security software products	26 (c)	(4.10)	5.66
Employee benefits expense	27	1,028.05	866.60
Depreciation and amortisation expense	28	309.44	237.12
Other expenses	29	926.35	966.51
Total expenses		2,407.73	2,238.86
Profit before exceptional items and tax		876.51	881.07
Exceptional item (refer note 43(d))		37.80	-
Profit before tax		838.71	881.07
Tax expense	30		
Current tax			
Pertaining to profit for the current year		318.27	324.71
Adjustments of tax relating to earlier periods		(1.72)	-
Deferred tax		(10.11)	(22.72)
Total tax expense		306.44	301.99
Profit for the year		532.27	579.08
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement of defined benefit plans		1.70	(0.43)
Income tax effect		(0.58)	0.15
		1.12	(0.28)
Net (loss) or gain on FVTOCI assets		(3.42)	6.14
Income tax effect		(0.03)	(1.51)
		(3.45)	4.63
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		(2.33)	4.35
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(8.02)	0.14
Income tax effect		-	-
		(8.02)	0.14
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		(8.02)	0.14
Total comprehensive income for the year		521.92	583.57
Earnings per equity share [nominal value per share ₹ 10 (March 31, 2016: ₹ 10)]	31		
Basic		7.60	9.29
Diluted		7.55	9.27

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 S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevial Khandelwal**

Partner

Membership Number: 501160

Place: Pune

Date: May 12, 2017

**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 12, 2017

Rajesh Ghonasgi

Chief Financial Officer

Place: Pune

Date: May 12, 2017

Sanjay KatkarManaging Director
& Chief Technical Officer

DIN: 00397277

Place: Pune

Date: May 12, 2017

Vijay Shirode

Company Secretary

Place: Pune

Date: May 12, 2017

Consolidated Cash Flow Statement

for the year ended March 31, 2017

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

	March 31, 2017	March 31, 2016
A. Cash flow from operating activities		
Profit before tax	838.71	881.07
Adjustment to reconcile profit before tax to net cash flows		
Exceptional items	37.80	-
Net foreign exchange differences	(6.84)	(5.50)
Employee share based payments expenses	6.03	4.37
Depreciation and amortization expense	309.44	237.12
Interest income	(185.38)	(15.62)
Provision for doubtful debts and advances	6.53	3.36
Bad debts written off	(0.33)	2.11
Fixed assets written off	3.65	-
(Profit)/ loss on sale of fixed assets (net)	(0.47)	0.02
Dividend income	(58.82)	(47.83)
Effect of exchange differences on cash and cash equivalents held in foreign currency	0.44	0.07
Net loss / (gain) on sale of investment	0.59	(1.96)
Net gain on FVTPL mutual fund	(22.18)	(18.36)
Operating profit before working capital changes	929.17	1,038.85
Movements in working capital:		
(Increase) in trade and other receivables	(55.39)	(298.51)
(Increase)/decrease in inventories	(12.71)	11.73
Decrease/(increase) in loans	26.00	(59.98)
Decrease/(increase) in other financial assets	4.68	(8.07)
(Increase)/decrease in other assets	(110.88)	18.37
Increase in net employee defined benefit liabilities	5.72	1.20
(Decrease)/increase in trade payables	(100.89)	158.20
(Decrease)/increase in other current liabilities	(24.51)	72.41
Cash generated from operations	661.19	934.20
Direct taxes paid (net of refunds)	(302.90)	(157.16)
Net cash flow from operating activities (A)	358.29	777.04
Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress and capital advances)	(347.31)	(361.67)
Proceeds from sale of tangible and intangible assets	4.28	0.39
Investments in non current investments (other)	(30.00)	(30.00)
Purchase of current investment	(2,901.69)	(2,066.70)
Sale of current investments	2,285.67	2,298.14
Decrease/(increase) in bank balances other than cash and cash equivalents	22.14	(1,521.95)
Interest received	180.31	4.35
Dividends received	58.82	47.83
Net cash (used in) investing activities (B)	(727.78)	(1,629.60)

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

	March 31, 2017	March 31, 2016
Cash flows from financing activities		
Dividend paid on equity shares	(175.01)	(403.06)
Tax on equity dividend paid	(35.64)	(82.05)
Proceeds from issuance of equity shares (including securities premium and net of share issue expenses)	5.83	2,379.93
Share application money pending allotment	0.06	-
Net cash flow (used in) / from financing activities (C)	(204.77)	1,894.82
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(574.26)	1,042.26
Cash and cash equivalents at the beginning of the year	1,167.24	125.05
Effect of exchange differences on cash and cash equivalents held in foreign currency	(0.44)	(0.07)
Cash and cash equivalents at the end of the year	592.54	1,167.24
Components of cash and cash equivalents		
Cash on hand	0.61	2.04
Balances with banks		
On current account	185.42	401.71
On EEFC account	8.93	1.49
Unpaid dividend account	0.08	-
Deposits with original maturity of less than three months	397.50	750.00
Cheques on hand	-	12.00
Total cash and cash equivalents (refer note 13)	592.54	1,167.24

Summary of significant accounting policies

3

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

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevlal Khandelwal**

Partner

Membership Number: 501160

Place: Pune

Date: May 12, 2017

**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 12, 2017

Rajesh Ghonasgi

Chief Financial Officer

Place: Pune

Date: May 12, 2017

Sanjay KatkarManaging Director
& Chief Technical Officer

DIN: 00397277

Place: Pune

Date: May 12, 2017

Vijay Shirole

Company Secretary

Place: Pune

Date: May 12, 2017

Consolidated Statement of Changes in equity

for the year ended March 31, 2017

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

A. Equity share capital

Equity shares of ₹ 10 each issued, subscribed and fully paid-up	No.	INR
As at April 1, 2015	61,069,688	610.70
- Employee stock option plan (ESOP)	1,172,179	11.72
- Initial public offer (IPO) (refer note 16)	7,788,161	77.88
As at March 31, 2016	70,030,028	700.30
- Employee stock option plan (ESOP)	72,177	0.72
As at March 31, 2017	70,102,205	701.02

B. Share application money pending allotment

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Share application money pending allotment	0.06	-	-

C. Other equity**Other equity attributable to equity holders of the Company**

	Securities premium	Employee stock options outstanding (ESOP)	Amalgamation reserve	General reserve	Retained earnings	Foreign currency translation reserve	Equity instruments through Other comprehensive income	Total
Balance as at April 1, 2015	-	6.52	26.45	450.26	2,715.70	1.33	(0.21)	3,200.05
Profit for the period	-	-	-	-	579.08	-	-	579.08
Other comprehensive income	-	-	-	-	(0.28)	0.15	4.63	4.50
Total comprehensive income	-	-	-	-	578.80	0.15	4.63	583.58
Expenses pertaining to share-based payments	-	4.37	-	-	-	-	-	4.37
Exercise of share options	41.46	(0.81)	-	-	-	-	-	40.65
Fresh issue of shares (refer note 17)	2,422.12	-	-	-	-	-	-	2,422.12
Share issue expenses	(172.44)	-	-	-	-	-	-	(172.44)
Appropriations:								
Final equity dividend	-	-	-	-	(403.06)	-	-	(403.06)
Tax on final dividend	-	-	-	-	(82.05)	-	-	(82.05)
Balance as at March 31, 2016	2,291.14	10.08	26.45	450.26	2,809.39	1.47	4.42	5,593.21
Profit for the period	-	-	-	-	532.27	-	-	532.27
Other comprehensive income	-	-	-	-	1.12	(8.02)	(3.45)	(10.35)
Total comprehensive income	-	-	-	-	533.39	(8.02)	(3.45)	521.92

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

	Securities premium	Employee stock options outstanding (ESOP)	Amalgamation reserve	General reserve	Retained earnings	Foreign currency translation reserve	Equity instruments through Other comprehensive income	Total
Expenses pertaining to share-based payments	-	6.03	-	-	-	-	-	6.03
Exercise of share options	6.22	(1.11)	-	-	-	-	-	5.11
Appropriations:								
Final equity dividend	-	-	-	-	(175.09)	-	-	(175.09)
Tax on final dividend	-	-	-	-	(35.64)	-	-	(35.64)
Balance as at March 31, 2017	2,297.36	15.00	26.45	450.26	3,132.04	(6.55)	0.97	5,915.53

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

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevial Khandelwal**

Partner

Membership Number: 501160

Place: Pune

Date: May 12, 2017

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 12, 2017

Rajesh Ghonasgi

Chief Financial Officer

Place: Pune

Date: May 12, 2017

Sanjay Katkar

Managing Director

& Chief Technical Officer

DIN: 00397277

Place: Pune

Date: May 12, 2017

Vijay Shirode

Company Secretary

Place: Pune

Date: May 12, 2017

Notes Forming Part of Consolidated

financial statements for the year ended March 31, 2017

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, 2017 were authorised for issue in accordance with a resolution of the Board of Directors on May 12, 2017.

2. Basis of preparation

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

For all periods, up to and including the year ended March 31, 2016, the Group prepared its consolidated financial statements in accordance with Accounting Standards specified in Section 133 of the Companies Act, 2013, ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP"). These consolidated financial statements for the year ended March 31, 2017 are the first consolidated financial statements that the Group has prepared in accordance with Ind AS.

Refer note 48 for information on how the Group has adopted Ind AS.

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.

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

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

3. Summary of significant accounting policies

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

a) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2017. 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.

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

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

- a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Holding Company with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- b) Offset (eliminate) the carrying amount of the Holding Company's investment in each subsidiary and the Holding Company's portion of equity of each subsidiary.
- c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group. Profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full. However, intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 - Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

b) Current versus non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is treated as current when:

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

The Group classifies all other liabilities as non-current.

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

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

c) Foreign currencies

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

(i) Transaction and balances

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

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

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

(ii) Group companies

On consolidation, the assets and liabilities of the subsidiaries are translated into Indian Rupees at the rate of exchange prevailing at the reporting date and their statements

of profit and loss are translated at average exchange rates. Equity items, other than retained earnings, are translated at the spot rate in effect on each related transaction date (specific identification). Retained earnings are translated at the weighted average exchange rate for the relevant year.

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

d) Fair value measurement

The Group measures financial instruments such as investments in equity shares at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

- 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 5)
- Quantitative disclosures of fair value measurement hierarchy (Note 46)
- Financial instruments risk management objectives and policies (Note 47)

e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duties collected on behalf of the government. Revenue is reduced for estimated rebates and other similar allowances.

Sales tax and value added tax (VAT) 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 goods is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the 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.

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

In arrangements for sale of security software, the Group has applied the guidance in Ind AS 18, 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 18. The Group allocates and defers revenue for the undelivered items based on specific objective evidence of the fair value of the undelivered elements, and recognize the difference between the total price charged and the amount deferred for the undelivered items as revenue.

- (ii) **Sale of mobile software product with insurance**
Revenue from sale of mobile software products is recognised (net of insurance premium collected on behalf of insurer agency) when all the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods to its customers. The Group collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue.
- (iii) **Income from services**
Revenues from support services are recognized as and when services are rendered, by reference to the stage of completion. The Group collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.
- (iv) **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 "finance income" in the statement of profit and loss.
- (v) **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.

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 and loss is recognised outside profit and loss (either in OCI or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss;

- 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.

g) **Property, plant and equipment**

The Group has elected to continue with the carrying value of all of its property, plant and equipment and capital work in progress, measured as per the Indian GAAP as at March 31, 2015 and use those net carrying values as deemed cost as at the date of transition to Ind AS i.e. April 1, 2015.

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.

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

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	30 - 63.16%
Electrical installations	10	10	25.89%
Furniture and fixtures	10	10-18	15.33 - 45.07%
Office equipment	5	5-15	12.5 - 63.16%
Server	6	6	39.30%
Vehicles	8	8	25 - 31.23%

In case of Quick Heal Technologies (MENA) FZE:

Depreciation is provided consistently on a straight-line basis so to write off the cost of property, plant and equipment over their estimated useful lives. The practice, however, would not have any material impact over the life of the asset and the profit for the year. The following rates have been used to provide depreciation:

Type of assets	Useful lives (years)	Rates
Furniture and fixtures	10	10%
Office equipment	5	20%

Leasehold premises are amortized on a straight-line basis over the period of lease, i.e. 30 years.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

h) Intangible assets

The Group has elected to continue with the carrying value of all of its intangible assets measured as per Indian GAAP and use those net carrying values as deemed cost as at the date of transition to Ind AS i.e. April 1, 2015.

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:

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

- 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.

A summary of the amortization policy applied to the Group's intangible assets is as below:

Type of assets	Life (years)
Software	3

i) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2015, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Where the Company within the Group is a lessee

A lease is classified at the inception date as a finance lease or an operating lease. Finance leases that transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of

the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying asset.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit and loss on a straight-line basis over the lease term except the case where the incremental lease reflects inflationary effect and lease expense is accounted in such case by actual rent for the period.

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 of finished goods includes excise duty, whenever applicable. 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 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

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

the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

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

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 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.

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 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.

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

In case of Holding Company:

(i) Defined contribution plan

The Company makes payment to provident fund scheme which is defined contribution plan. The contribution paid/payable under the schemes is recognised in the statement of profit and loss during the period in which the employee renders the related service. The Company has no further obligations under these schemes beyond its periodic contributions.

The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related services. If the contribution payable to the scheme for services received before balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then the excess recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or cash refund.

(ii) Defined benefit plan

The Company operates a defined benefit plan for its employees, viz. gratuity. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the balance sheet. The fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on a net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods.

Past service costs are recognised in statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the

discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

c) Other long term employment benefits:

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the Balance sheet to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

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.

o) Share based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based

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

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.

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.

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.

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

(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.

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 AS 103 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 18

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.

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

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

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

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

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.

q) 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.

r) 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.

s) 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.

t) 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. Recent accounting pronouncements

Standards issued but not yet effective

On March 30, 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively.

Amendment to Ind AS 7: Statement of cash flows

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. These amendments are effective for annual periods beginning on or after April 1, 2017. Application of the amendments will result in additional disclosures provided by the Group.

Amendment to Ind AS 102: Share-based payment

The amendment to Ind AS 102 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

The amendments are effective for annual periods beginning on or after April 1, 2017. These amendments are not expected to have any impact on the Group.

5. 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.

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

Judgements

In the process of applying the Group's accounting policies, the management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Significant judgements is required to apply lease accounting rules under Appendix C to Ind AS 17 Determining whether an arrangement contains a lease. In assessing the applicability to arrangements entered into by the Group with its various sub-contractors regarding providing of certain services, the Group has exercised judgment to evaluate the right to use the underlying assets, substance of the transaction including legally enforced arrangements, and other significant terms and conditions of the arrangement to conclude whether the arrangements meets the criteria under Appendix C to Ind AS 17. Based on the evaluation, the Group has concluded that the arrangements do not meet the definition of lease as specified under Appendix C to Ind AS 17.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ('DCF') model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to

determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. For plans operated outside India, the management considers the interest rates of high quality corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in Note 32.

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 45 for further disclosures.

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

6. Property, plant and equipment

	Freehold land (refer note 2)	Leasehold premises	Buildings (refer note 1)	Computers and server	Office equipment	Electrical installations	Furniture and fixtures	Vehicles	Total
Cost (Gross) (refer note 3)									
At April 1, 2015	8.80	21.32	830.61	95.12	86.06	54.51	116.19	17.83	1,230.44
Additions	-	1.19	292.82	64.42	60.99	24.03	67.89	1.74	513.08
Disposals	-	-	-	-	0.15	-	0.01	1.18	1.34
At March 31, 2016	8.80	22.51	1123.43	159.54	146.90	78.54	184.07	18.39	1742.18
Additions	17.83	-	370.67	193.12	45.34	15.04	43.42	0.83	686.25
Disposals/ written-offs	-	0.03	-	12.37	14.07	0.15	0.03	1.57	28.22
At March 31, 2017	26.63	22.48	1494.10	340.29	178.17	93.43	227.46	17.65	2400.21
Depreciation (Gross) (refer note 3)									
At April 1, 2015	-	4.27	72.87	53.95	40.20	11.30	38.04	7.86	228.49
Charge for the year	-	0.77	50.17	38.57	45.65	17.14	35.34	3.43	191.07
Disposals/ written-offs	-	-	-	-	0.09	-	-	0.83	0.92
At March 31, 2016	-	5.04	123.04	92.52	85.76	28.44	73.38	10.46	418.64
Charge for the year	-	0.99	63.92	59.99	41.94	15.98	38.15	2.79	223.76
Disposals	-	-	-	11.61	11.21	0.12	0.01	1.47	24.42
At March 31, 2017	-	6.03	186.96	140.90	116.49	44.30	111.52	11.78	617.98
Net block									
At April 1, 2015 (refer note 3)	8.80	17.05	757.74	41.17	45.86	43.21	78.15	9.97	1,001.95
At March 31, 2016	8.80	17.47	1,000.39	67.02	61.14	50.10	110.69	7.93	1,323.54
At March 31, 2017	26.63	16.45	1,307.14	199.39	61.68	49.13	115.94	5.87	1,782.23

1. Additions of building includes office building (including share in undivided portion of land) taken on long term lease i.e. 999 years.
2. The value of land has been estimated at the stamp duty valuation.
3. The Group has carried forward the gross block and accumulated depreciation above, for disclosure purpose only.

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

7. Intangible assets

	Software	Patent	Total
Cost (Gross) (refer note 1)			
At April 1, 2015	282.93	-	282.93
Purchase	31.25	-	31.25
Disposals	-	-	-
At March 31, 2016	314.18	-	314.18
Purchase	56.97	0.37	57.34
Disposals	-	-	-
At March 31, 2017	371.15	0.37	371.51
Amortisation (Gross) (refer note 1)			
At April 1, 2015	174.39	-	174.39
Charge for the year	46.05	-	46.05
Disposals	-	-	-
At March 31, 2016	220.44	-	220.44
Charge for the year	85.60	0.09	85.69
Disposals	-	-	-
At March 31, 2017	306.03	0.09	306.12
Net block			
At April 1, 2015 (refer note 1)	108.54	-	108.54
At March 31, 2016	93.74	-	93.74
At March 31, 2017	65.11	0.28	65.39

Note-1 The Group has carried forward the gross block and accumulated amortisation above, for disclosure purpose only.

8. Investments

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non - current investments			
Investments at fair value through OCI			
Investment in equity instruments (unquoted)			
4,472 (March 31, 2016: 2,236; April 1, 2015: Nil) equity shares of ₹ 10 each fully paid-up in Smartalyse Technologies Private Limited	66.66	36.53	-
Investment in preference shares (unquoted)			
15,162 (March 31, 2016: 15,162; April 1, 2015: 15,162) Compulsory Convertible Preference Shares of ₹ 10 each fully paid-up in Wegilant Net Solutions Private Limited	3.55	3.55	3.94
Less: Fair value changes routed through OCI	(3.55)	-	-
Sub total - Investments at fair value through OCI	66.66	40.08	3.94
Total non-current investments	66.66	40.08	3.94
Current investments			
Investments at fair value through profit and loss			
Investments in mutual funds (quoted)			
Investments in mutual funds	1,750.82	1,113.21	1,324.33
Total current investments	1,750.82	1,113.21	1,324.33
Aggregate book value of quoted investments	1,750.82	1,113.21	1,324.33
Aggregate market value of quoted investments	1,750.82	1,113.21	1,324.33
Aggregate value of unquoted investments	66.66	40.08	3.94
Investments carried at fair value through profit or loss	1,750.82	1,113.21	1,324.33
Investments carried at fair value through other comprehensive income	66.66	40.08	3.94

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

9. Loans and security deposits

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Loans and security deposits (unsecured, considered good) (at amortised cost)			
Current			
Security deposits	6.18	33.90	9.30
Loan to staff	0.03	1.29	1.79
Loans (unsecured, considered good) (at fair value through profit and loss)			
Current			
Loan to Wegilant Net Solutions Private Limited	-	35.00	-
Total current	6.21	70.19	11.09
Loans and security deposits (unsecured, considered good) (at amortised cost)			
Non - current			
Security deposits	4.50	1.19	0.43
Loan to staff	-	0.33	0.21
Total non - current	4.50	1.52	0.64

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.

Loans are non-derivative financial assets which generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

In the current year, the Group has identified an impairment of ₹ 35 (March 31, 2016: Nil; April 1, 2015: Nil) on loan to Wegilant Net Solutions Private Limited. The impairment on FVTPL financial assets has been recognised as an exceptional item in the statement of profit and loss.

10. Other financial assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Interest accrued			
on bank balance	8.73	11.42	0.15
on loan to Wegilant Net Solutions Private Limited	-	2.80	-
Share issue expenses recoverable (refer note 37)	-	4.51	-
Total current	8.73	18.73	0.15
Non - current			
Bank balances			
Deposits with remaining maturity of more than twelve months	1.83	2.00	1.24
Total non - current	1.83	2.00	1.24
Other financial assets carried at amortised cost	10.56	20.73	1.39
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, ₹ Nil (March 31, 2016: ₹ 0.45; April 1, 2015: ₹ 1.30) are pledged against bank guarantees. In the current year, the Group has identified an impairment of ₹ 2.80 (March 31, 2016: Nil; April 1, 2015: Nil) on interest accrued on loan to Wegilant Net Solutions Private Limited. The impairment on FVTPL financial assets has been recognised as an exceptional item in the statement of profit and loss.

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

11. Inventories

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At lower of cost and net realisable value			
Raw materials - Security software devices [includes in transit of ₹ 0.13 (March 31, 2016: ₹ 0.25; April 1, 2015: ₹ 0.11)]	35.05	26.42	32.49
Finished goods - Security softwares [includes in transit of ₹ 0.27 (March 31, 2016: ₹ 0.04; April 1, 2015: ₹ 4.95)]	44.37	40.27	45.93
Less: Provision for non-moving inventory	(0.02)	-	-
	79.40	66.69	78.42

12. Trade and other receivables

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade receivables	971.83	923.81	625.55
Total	971.83	923.81	625.55

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade receivables			
Secured, considered good	-	-	-
Unsecured, considered good	971.83	923.81	625.55
Doubtful	221.28	214.76	214.80
Total	1,193.11	1,138.57	840.35
Impairment allowed (allowed for bad and doubtful debts)			
Unsecured, considered good	-	-	-
Doubtful	(221.28)	(214.76)	(214.80)
	(221.28)	(214.76)	(214.80)
Total	971.83	923.81	625.55

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 90 days.

13. Cash and cash equivalents

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with banks			
On current account *	185.42	401.71	123.47
On EEFC account	8.93	1.49	0.37
Unpaid dividend account	0.08	-	-
Deposits with original maturity of less than three months	397.50	750.00	-
Cheques on hand	-	12.00	-
Cash on hand	0.61	2.04	1.21
Total	592.54	1,167.24	125.05

* Bank balance as at March 31, 2017 includes ₹ 3.88 held by one of the subsidiary in the Group which is not available for use by the Group because of an attachment in relation to a complaint filed by an employee of the subsidiary.

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

14. Other bank balances

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Bank balances			
Deposits with remaining maturity of less than twelve months	1,501.16	1,523.30	1.35
Total	1,501.16	1,523.30	1.35

Out of the total deposits, INR 1.64 (March 31, 2016: INR 23.04; April 1, 2015: Nil) are pledged against bank guarantees.

15. Other assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current (unsecured, considered good)			
Prepaid expenses	20.78	17.10	25.03
Balances with government authorities	2.38	0.46	2.84
Advance to suppliers	9.54	3.16	13.85
Advance to employees	1.02	2.02	1.74
Other assets	2.24	0.74	1.89
Total current	35.96	23.48	45.35
Non - current (unsecured, considered good)			
Advance income tax (net of current tax liabilities)	198.67	170.41	168.66
Interest accrued on income tax refund	20.31	-	-
Prepaid expenses	1.26	-	-
Capital advances	24.55	6.97	3.43
Non - current (unsecured, considered doubtful)			
Advance to suppliers	6.38	6.38	6.38
Provision for doubtful advances	(6.38)	(6.38)	(6.38)
Total non - current	244.79	177.38	172.10
Total current	35.96	23.48	45.35
Total non - current	244.79	177.38	172.10

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance to employee includes (refer note 42)			
Dues from officers	-	1.08	0.19
Total	-	1.08	0.19

16. Equity share capital

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorized shares			
75,000,000 (March 31, 2016: 75,000,000; April 1, 2015: 75,000,000) equity shares of ₹ 10 each	750.00	750.00	750.00
	750.00	750.00	750.00
Issued, subscribed and fully paid-up shares			
70,102,205 (March 31, 2016: 70,030,028; April 1, 2015: 61,069,688) equity shares of ₹ 10 each	701.02	700.30	610.70
Total issued, subscribed and fully paid-up share capital	701.02	700.30	610.70

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

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

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Nos.	₹	Nos.	₹	Nos.	₹
At the beginning of the year	70,030,028	700.30	61,069,688	610.70	61,069,688	610.70
Issued during the year						
- Employee stock option plan (ESOP)	72,177	0.72	1,172,179	11.72	-	-
- Initial public offer (IPO) #	-	-	7,788,161	77.88	-	-
Outstanding at the end of the year	70,102,205	701.02	70,030,028	700.30	61,069,688	610.70

On February 18, 2016, the Holding Company completed the initial public offer (IPO) through an offer of 14,057,719 equity shares of face value of ₹ 10 each for cash at a price of ₹ 321 per equity share (including a share premium of ₹ 311 per equity share) consisting of a fresh issue of up to 7,788,161 equity shares (the "Fresh Issue") and an offer for sale of 6,269,558 equity shares by Kailash Katkar, Sanjay Katkar, Sequoia Capital India Investment Holdings III and Sequoia Capital India Investments III (collectively, the "Selling Shareholders").

(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.

The Board of Directors, in their meeting on August 17, 2015 declared an interim dividend of ₹ 6.60 per equity share for the year ended March 31, 2015, which resulted in cash outflow of ₹ 485.11 including dividend distribution tax. The amount was recognized as distributions to equity shareholders during the year ended March 31, 2016.

The Board of Directors, in their meeting on May 11, 2016, proposed a final dividend of ₹ 2.50 per equity share and the same was approved by the shareholders at the Annual General Meeting held on August 5, 2016. The amount was recognized as distributions to equity shareholders during the year ended March 31, 2017 and the total appropriation was ₹ 210.73 including dividend distribution tax.

The Board of Directors, in their meeting on May 12, 2017, have proposed a final dividend of ₹ 2.5 per equity share for the financial year ended March 31, 2017. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held and if approved would result in a cash outflow of approximately ₹ 210.94 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 proportion to the number of equity shares held by shareholders.

(c) Shares held by holding/ ultimate holding company and /or their subsidiaries/ associates

None.

(d) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

	As at March 31, 2017 Nos.	As at March 31, 2016 Nos.	As at April 1, 2015 Nos.
Equity shares allotted as fully paid up bonus shares by utilisation of securities premium and surplus in statement of profit and loss during the financial year ended March 31, 2014	53,435,977	53,435,977	53,435,977
Equity shares allotted under scheme of amalgamation during the financial year ended March 31, 2012*	11,588	11,588	11,588

* Refer note on Amalgamation reserve in note 17.

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

(e) Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Nos.	% holding	Nos.	% holding	Nos.	% holding
Equity shares of ₹ 10 each fully paid-up						
Kailash Katkar	20,511,384	29.26%	20,511,384	29.29%	22,351,384	36.60%
Sanjay Katkar	20,511,384	29.26%	20,511,384	29.29%	22,351,384	36.60%
Anupama Katkar	5,003,976	7.14%	5,003,976	7.15%	5,003,976	8.19%
Chhaya Katkar	5,003,976	7.14%	5,003,976	7.15%	5,003,976	8.19%
Sequoia Capital India Investment Holdings III	3,665,410	5.23%	3,665,410	5.23%	3,752,984	6.15%

The shareholding information has been extracted from the records of the Company including register of shareholders/ members and is based on legal ownership of shares.

(f) Shares reserved for issue under option

For details of shares reserved for issue under ESOP of the Company, please refer note 33.

17. Other equity

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Retained earnings	3,132.04	2,809.39	2,715.70
	3,132.04	2,809.39	2,715.70
Other reserves			
ESOP account	15.00	10.08	6.52
FVTOCI reserve	0.97	4.42	(0.21)
Foreign currency translation reserve	(6.55)	1.47	1.32
Total	9.42	15.97	7.63

	As at March 31, 2017	As at March 31, 2016
(a) Retained earnings		
Balance as at the beginning of the year	2,809.39	2,715.70
Add: Amount transferred from surplus balance in the statement of profit and loss	533.39	578.80
Less: Appropriations		
Final equity dividend [amount per share ₹ 2.50 (March 31, 2016 : Nil)]	175.09	-
Tax on final dividend	35.64	-
Interim equity dividend [amount per share Nil (March 31, 2015: ₹ 6.60 *)]	-	403.06
Tax on interim dividend	-	82.05
Balance as at the end of the year	3,132.04	2,809.39
* Represents interim equity dividend for the year ended March 31, 2015 declared by the Board of Directors in their meeting held on August 17, 2015.		
(b) Securities premium account		
Balance as at the beginning of the year	2,291.14	-
Add: Additions on ESOPs exercised	5.11	40.65
Add: Additions on fresh issue of equity shares	-	2,422.12
Add: Transferred from ESOP account	1.11	0.81
Less: Share issue expenses (refer note 37)	-	(172.44)
Balance as at the end of the year	2,297.36	2,291.14
(c) ESOP account		
Balance as at the beginning of the year	10.08	6.52
Add: Additions during the year	6.03	4.37
Less: Transfer to securities premium on exercise of stock options	(1.11)	(0.81)

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

	As at March 31, 2017	As at March 31, 2016
Balance as at the end of the year	15.00	10.08
(d) Amalgamation reserve		
Balance as at the beginning of the year	26.45	26.45
Add: Additions during the year	-	-
Balance as at the end of the year	26.45	26.45
(e) 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 the end of the year	450.26	450.26
(f) FVTOCI reserve		
Balance as at the beginning of the year	4.42	(0.21)
Add: Additions during the year	(3.45)	4.63
Balance as at the end of the year	0.97	4.42
(g) Foreign currency translation reserve		
Balance as at the beginning of the year	1.47	1.32
Add: Additions during the year	(8.02)	0.15
Balance as at the end of the year	(6.55)	1.47

Securities premium account

Increase during financial year 2015-16 because of issuance of ordinary equity shares through initial public offer (Note 16(a)) and issuance of ordinary equity shares exercised under employee stock option scheme. Further it has been adjusted on account of share issue expenses.

Employee stock options outstanding account

The Group has two share option schemes under which options to subscribe for the Group'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 33 for further details of these plans.

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.

Distribution made and proposed to be made	As at March 31, 2017	As at March 31, 2016
Cash dividends on equity shares declared and paid :		
Final cash dividend for the year ended on March 31, 2016: ₹ 2.50 per share (March 31, 2015: Nil)	175.09	-
Dividend distribution tax on proposed dividend	35.64	-
Interim dividend for the year ended on March 31, 2015: ₹ 6.60 per share	-	403.06
Dividend distribution tax on interim dividend	-	82.05
Proposed dividend on equity shares :		
Final cash dividend for the year ended on March 31, 2017: ₹ 2.50 per share (March 31, 2016: ₹ 2.50 per share)	175.26	175.09
Dividend distribution tax on proposed dividend	35.68	35.64

18. Trade and other payables

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Total outstanding dues to micro enterprises and small enterprises (refer note 35)	-	-	-
Total outstanding dues to others	408.96	509.85	351.65
Total	408.96	509.85	351.65

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

19. Other financial liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Other financial liabilities at amortised cost			
Payables for purchases of fixed assets	13.08	10.25	11.45
Unpaid dividend	0.08	-	-
Total	13.16	10.25	11.45
Total current	13.16	10.25	11.45
Total non - current	-	-	-

20. Other liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advances from customers	1.83	2.40	3.54
Deferred revenue	69.77	66.65	24.76
Tax deducted at source payable	24.89	44.48	30.47
Sales tax payable	34.43	41.21	25.33
Other liabilities (includes provident fund and other taxes)	5.33	6.02	4.17
Provision for wealth tax	-	-	0.08
Total	136.25	160.76	88.35
Total current	136.25	160.76	88.35
Total non - current	-	-	-

Terms and conditions of the above financial and other liabilities:

- Trade payables are non-interest bearing and are normally settled on 60 days terms.
- Payables for purchases of fixed assets are non interest bearing and have an average term of 90 days.
- Other liabilities (other than taxes) are non interest bearing and have an average term of 45 days.
- Taxes such as tax deducted at source and sales tax 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, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits			
Current			
Provision for gratuity (refer note 32)	5.00	5.00	5.00
Provision for leave benefits	9.42	9.79	14.81
Total	14.42	14.79	19.81
Non - current			
Provision for gratuity (refer note 32)	22.73	18.34	11.69
Total	22.73	18.34	11.69
Total current	14.42	14.79	19.81
Total non - current	22.73	18.34	11.69

22. Current tax liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current tax liabilities (net of advance tax)	123.11	165.79	-
Total	123.11	165.79	-

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

23. Revenue from operations (net)

	Year ended March 31, 2017	Year ended March 31, 2016
Sale of security software products	2,993.10	3,020.34
Sale of software support services	6.63	0.56
Total	2,999.73	3,020.90

	Year ended March 31, 2017	Year ended March 31, 2016
Details of products sold		
Security software licenses	2,955.06	2,992.18
Security software devices - Unified Threat Management (UTM)	38.04	28.16
Total	2,993.10	3,020.34

24. Finance income

	Year ended March 31, 2017	Year ended March 31, 2016
Interest income on		
Bank deposits	157.23	12.64
Income tax refund	28.07	-
Others	0.08	2.98
Dividend income on current investments	58.82	47.83
Net gain on sale of current investments	-	1.96
Total	244.20	65.41

25. Other income

	Year ended March 31, 2017	Year ended March 31, 2016
Profit on sale of fixed assets (net)	0.47	-
Foreign exchange gains (net)	-	5.22
Fair value gain on financial instruments at fair value through profit and loss *	22.18	18.36
Bad debts written back	0.33	-
Miscellaneous income	17.33	10.04
Total	40.31	33.62

* Fair value gain on financial instruments at fair value through profit and loss related to mutual fund.

26. Details related to cost of security software devices and software products

	Year ended March 31, 2017	Year ended March 31, 2016
(a) Cost of materials consumed		
Inventory at the beginning of the year	26.42	32.49
Add: Purchases	28.06	33.53
Less: Inventory as at end of the year	35.05	26.42
Sub-total	19.43	39.60
(b) Purchase of security software products		
Security software products	128.56	123.37
Sub-total	128.56	123.37
(c) (Increase)/decrease in security software products		
Inventory at the beginning of the year	40.27	45.93
Less: Inventory as at end of the year	44.37	40.27
Sub-total	(4.10)	5.66
Total	143.89	168.63

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

Details of raw materials consumed

	Year ended March 31, 2017	Year ended March 31, 2016
Security software devices - Unified Threat Management (UTM)	19.43	39.60
	19.43	39.60

Details of inventory

	As at March 31, 2017	As at March 31, 2016
Raw materials		
Security software devices - Unified Threat Management (UTM)	35.05	26.42
	35.05	26.42
Finished goods		
Security software products	44.37	40.27
	44.37	40.27

27. Employee benefits expense

	As at March 31, 2017	As at March 31, 2016
Salaries, wages and bonus	955.86	800.45
Contribution to provident fund and other funds	30.25	29.13
Gratuity expenses (refer note 32)	14.73	11.38
Staff welfare expenses	21.18	21.27
Employee share based payment expenses (refer note 33)	6.03	4.37
Total	1,028.05	866.60

28. Depreciation and amortisation expense

	As at March 31, 2017	As at March 31, 2016
Depreciation on property, plant and equipment (refer note 6)	223.76	191.07
Amortisation of intangible assets (refer note 7)	85.69	46.05
Total	309.44	237.12

29. Other expenses

	As at March 31, 2017	As at March 31, 2016
Web publishing expenses	73.05	90.34
Technology subscription charges	56.95	59.55
Fees for technical services	100.08	111.00
Power and fuel	38.31	33.32
Rent (refer note 34(a))	30.64	32.47
Rates and taxes	13.22	9.34
Insurance	5.25	12.43
Repairs and maintenance		
Buildings	14.61	12.62
Others	22.80	14.39
Corporate social responsibility (CSR) expenditure (refer note 41)	14.00	10.64
Commission to independent directors (refer note 42)	2.35	1.60
Directors' sitting fees	1.02	0.27

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

	As at March 31, 2017	As at March 31, 2016
Business promotion expenses	37.88	74.49
Advertisement and sales promotion	172.05	253.96
Freight and forwarding charges	5.89	6.47
Traveling and conveyance	48.60	43.72
Communication costs	58.47	51.72
Office expenses	55.48	55.33
Donations	0.49	0.38
Legal and professional fees	136.83	65.43
Payment to statutory auditor (Refer details below)	5.95	5.72
Foreign exchange loss (net)	1.17	-
Fixed assets written off	3.65	-
Provision for doubtful debts and advances	6.53	3.36
Loss on sale of fixed assets (net)	-	0.02
Net loss on sale of current investments	0.59	-
Bad debts written off	-	2.11
Miscellaneous expenses	20.49	15.83
Total	926.35	966.51

Payment to auditor (excluding service tax)

	As at March 31, 2017	As at March 31, 2016*
As auditor:		
Audit fees	2.39	3.15
Limited review	3.00	-
Others (including certification fees)	0.42	2.51
Reimbursement of expenses	0.14	0.06
Total	5.95	5.72

* net of IPO fees adjusted against securities premium account

30. Income tax

The major components of income tax expense for the years ended March 31, 2017 and March 31, 2016 are:

Statement of profit and loss section

	March 31, 2017	March 31, 2016
Current income tax:		
Current income tax charge	318.27	324.71
Adjustment in respect of current tax of previous years	(1.72)	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(10.11)	(22.72)
Income tax expense reported in the statement of profit or loss	306.44	301.99
OCI Section		
Deferred tax related to items recognised in OCI during the year		
Net loss/(gain) on actuarial gains and losses	0.58	(0.15)
Net loss/(gain) on FVTOCI investments	0.03	1.51
Income tax charged to OCI	0.61	1.36

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

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended

	March 31, 2017	March 31, 2016
Accounting profit before tax	838.71	881.07
At India's statutory income tax rate of 34.608% (March 31, 2016: 34.608%)	290.26	304.92
Unrealised loss on mutual fund	15.74	0.25
CSR expenditure	4.85	3.68
Dividend income	(20.36)	(16.55)
Tax in respect of earlier years	(1.72)	-
Deferred tax on investment at different rates	1.46	0.97
Others	(2.37)	(1.65)
Long - term capital gain on sale of investments in mutual fund	(4.14)	(6.16)
Fair value for employee stock options	1.69	0.99
Enterprises tax at foreign subsidiaries	0.71	0.11
Deferred tax asset on losses and unrealised profits not recognised	310.58	320.35
At the effective income tax rate of 34.608% [March 31, 2016: 34.608%]	306.44	301.99
Income tax expense reported in the statement of profit and loss	306.44	301.99

Deferred tax relates to the following

	Balance sheet		Statement of profit and loss		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016
Accelerated depreciation for tax purposes	(35.68)	(38.68)	(38.36)	(3.00)	0.32
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	30.49	24.11	12.84	(6.38)	(11.27)
Provision for doubtful debts and advances	78.79	76.53	74.02	(2.26)	(2.51)
Deferred revenue	19.96	19.13	8.57	(0.83)	(10.56)
Investment in mutual fund	(4.29)	(1.93)	(0.63)	2.36	1.30
Investment in Smartalyse Technologies Private Limited	(1.54)	(1.51)	-	0.03	1.51
Deferred tax on gratuity expense, recycled from profit and loss to other comprehensive income	(0.43)	0.15	-	0.58	(0.15)
Net deferred tax expense/(income)	-	-	-	(9.50)	(21.36)
Net deferred tax assets/(liabilities)	87.30	77.80	56.44		

Reflected in the balance sheet as follows

	March 31, 2017	March 31, 2016	April 1, 2015
Deferred tax liability	(41.94)	(42.12)	(38.99)
Deferred tax assets	129.24	119.92	95.43
Deferred tax assets, net	87.30	77.80	56.44

Reconciliation of deferred tax (liabilities)/assets, net

	March 31, 2017	March 31, 2016
Opening balance as of April 1	77.80	56.44
Tax (income)/expense during the period recognised in profit or loss	(10.11)	(22.72)
Tax (income)/expense during the period recognised in OCI	0.61	1.36
Closing balance	87.30	77.80

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.

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

Unrecognised temporary difference

	March 31, 2017	March 31, 2016
Temporary difference relating to investment in subsidiaries for which deferred tax asset have not been recognised:		
- Undistributed losses (Note 1)	172.27	107.93
Deferred tax asset relating to above	59.62	37.35
- Unrealised profits on inventory (Note 2)	11.73	13.23
Deferred tax asset relating to above	2.68	3.23
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	(6.55)	1.47
Deferred tax liability / (Asset) relating to above	(2.27)	0.51

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, 2017 and March 31, 2016, 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.

31. 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, 2017	Year ended March 31, 2016
Net profit after tax attributable to equity shareholders of the Company	(A)	532.27	579.08
Weighted average number of equity shares in calculating basic EPS	(B)	70,054,699	62,347,488
Effect of dilution:			
Stock options granted under ESOP (in numbers)	(C)	410,529	131,210
Weighted average number of equity shares adjusted for the effect of dilution*	D=(B+C)	70,465,228	62,478,698
Basic and diluted earnings per share of face value of ₹ 10 each (in ₹)	(A/B)	7.60	9.29
Diluted earnings per share of face value of ₹ 10 each (in ₹)	(A/D)	7.55	9.27

* 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.

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

32. Gratuity benefit plans

Holding Company

The Holding Company has a defined benefit gratuity plan (funded) for its employees. The Company's defined benefit gratuity plan is a final salary plan for its employees, which requires contributions to be made to a separately administered fund. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972.

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, 2017	Year ended March 31, 2016
Consolidated statement of profit and loss:		
Current service cost	13.28	10.27
Past service cost	-	-
Net interest income / (expense)	1.45	1.11
Curtailment gain / (loss)	-	-
Settlement gain / (loss)	-	-
Net benefit expense recognised in the consolidated statement of profit and loss	14.73	11.38
Amount recorded in consolidated other comprehensive income:		
Measurement during the period due to:		
Actuarial gain / (loss) arising from change in financial assumptions on plan assets	(0.19)	(0.27)
Actuarial gain / (loss) arising on account of experience changes on plan assets	0.42	(0.01)
Actuarial gain / (loss) arising on account of experience changes on plan liabilities	(2.83)	-
Actuarial gain / (loss) arising on account of financial assumptions on plan liabilities	4.30	(0.15)
Total amount recognised in OCI	1.70	(0.43)

	As at March 31, 2017	As at March 31, 2016
Reconciliation of net (liability) / asset:		
Opening net defined benefit (liability) / asset	(23.34)	(16.69)
Expense charged to statement of profit and loss	(14.73)	(11.38)
Amount recognised in OCI	1.70	(0.43)
Employer contribution	9.39	5.16
Mortality charges and taxes	(0.75)	-
Closing net defined benefit (liability)/asset	(27.73)	(23.34)
Changes in the present value of the defined benefit obligation (DBO) are as follows:		
Opening DBO	(47.32)	(35.53)
Interest cost	(3.57)	(2.74)
Current service cost	(13.28)	(10.27)
Past service cost	-	-
Benefits paid	3.04	1.37
Remeasurement during the period due to:		
Actuarial (loss) / gain arising from change in financial assumptions	(2.83)	-
Actuarial (loss) / gain arising from change in demographic assumptions	-	-
Actuarial gain / (loss) arising on account of experience changes	4.30	(0.15)
Closing defined benefit obligation (asset) recognised in balance sheet	(59.66)	(47.32)

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

	As at March 31, 2017	As at March 31, 2016
Changes in the fair value of plan assets:		
Opening fair value of plan assets	23.98	18.84
Interest income	2.12	1.63
Contributions by employer	9.39	5.16
Mortality charges and taxes	(0.75)	-
Benefits paid	(3.04)	(1.37)
Actuarial gain / (loss) arising from change in financial assumptions on plan assets	(0.19)	(0.27)
Actuarial gain / (loss) arising on account of experience changes on plan assets	0.42	(0.01)
Closing fair value of plan assets	31.93	23.98
Actual return on plan assets	2.35	1.34
Net defined benefit liability		
DBO	(59.66)	(47.32)
Fair value of plan assets	31.93	23.98
Closing net defined benefit liability	(27.73)	(23.34)
Net liability is bifurcated as follows:		
Current*	(5.00)	(5.00)
Non - current	(22.73)	(18.34)

*The Holding Company expects to contribute ₹ 5.00 (March 31, 2016: ₹ 5.00) to gratuity in the next year.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2017	As at March 31, 2016
(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 Holding Company are shown below:

	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate	7.00%	7.80%	7.80%
Employee turnover	15.00%	15.00%	15.00%
Expected rate of increment in compensation levels			
- First two years	12.00%	12.00%	12.00%
- Thereafter	9.00%	9.00%	9.00%

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

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

A quantitative sensitivity analysis for significant assumption as at March 31, 2017 and March 31, 2016 is shown below:

	Sensitivity level	Increase / (decrease) in defined benefit obligation (impact)	
		As at March 31, 2017	As at March 31, 2016
Discount rate	1% increase	56.20	50.15
	1% decrease	63.64	44.45
Future salary increase	1% increase	62.44	45.16
	1% decrease	57.14	49.26
Withdrawal rate	1% increase	59.50	47.31
	1% decrease	59.93	47.29

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 following are the expected future benefit payments for the defined benefit plan :

	As at March 31, 2017	As at March 31, 2016
Within the next 12 months (next annual reporting period)	5.52	4.17
Between 2 and 5 years	35.71	28.90
Beyond 5 years	71.49	65.14
Total expected payments	112.72	98.21

Weighted average duration of defined benefit plan obligation (based on discounted cash flows)

	As at March 31, 2017	As at March 31, 2016
Weighted average duration of defined benefit plan obligation	9 years	9.19 years

33. Share based arrangements

Holding Company

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

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

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, 2017		Year ended March 31, 2016	
	Number of options	Weighted average exercise price ₹	Number of options	Weighted average exercise price ₹
Outstanding at the beginning of the year	345,993	69.91	1,467,016	47.69
Granted during the year	-	-	-	-
Forfeited during the year	25,018	103.24	13,320	37.50
Exercised during the year	33,858	45.53	1,107,703	40.88
Expired during the year	-	-	-	-
Outstanding at the end of the year	287,117	69.89	345,993	69.91
Exercisable at the end of the year	215,117	58.13	202,493	-

The details of exercise price for stock options outstanding at the end of the year are:

	As at March 31, 2017	As at March 31, 2016
Exercise price	37.50 – 110.00	37.50 – 110.00
Number of options outstanding (numbers)	287,117	345,993
Weighted average remaining contractual life of options (in years)	2.85	5.52
Weighted average exercise price	69.89	69.91

The weighted average share price at the date of exercise of these options, as at March 31, 2017 was ₹ 263.45.

The weighted average share price at the date of exercise of these options, as at March 31, 2016 was ₹ 40.88.

Share based payment arrangement 2014

On February 6, 2014, the board of directors approved the Equity Settled ESOP Scheme 2014 for issue of stock options to the employees and directors of the company. According to the ESOP 2014, the employee selected by the Board of Directors from time to time will be entitled for scheme options, subject to satisfaction of the prescribed vesting conditions, viz., continued employment and performance parameters of employee. The contractual life (comprising the vesting period and the exercise period) of options and the other relevant terms of the grant are as below:

The Company has provided following share-based payment schemes to its employees

Particulars	Details
Date of grant	February 6, 2014
Date of board approval	February 6, 2014
Date of shareholder's approval	February 6, 2014
Method of settlement	Equity
Vesting period	4 years
Exercise period	5 years from date of vesting
Expected life (in years)	
Grant IV	3.64 - 6.50
Grant V	3.50 - 6.50

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

Particulars	Details
Grant VI	3.50 - 6.50
Grant VII	3.50 - 6.50
Grant VIII	3.50 - 6.50
Grant IX	3.50 - 6.50
Grant X	3.64 - 6.64
Fair value of shares on date of grant	₹ 115.24 - ₹ 119.00
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, 2017		Year ended March 31, 2016	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price* (₹)
Outstanding at the beginning of the year	481,325	112.16	369,900	110.00
Granted during the year	183,000	237.40	210,000	115.22
Forfeited during the year	59,459	112.00	34,099	111.69
Exercised during the year	38,319	112.00	64,476	110.00
Expired during the year	-	-	-	-
Outstanding at the end of the year	566,547	152.64	481,325	112.16
Exercisable at the end of the year	98,597	111.32	19,650	-

The details of exercise price for stock options outstanding at the end of the year are:

	As at March 31, 2017	As at March 31, 2016
Exercise price (₹)	110.00 – 237.40	110.00 – 119.00
Number of options outstanding	566,547	481,325
Weighted average remaining contractual life of options (in years)	5.93	6.71
Weighted average exercise price (₹)	152.64	112.16

For share options exercised during the reporting period, the weighted average share price at the date of exercise, or if options were exercised on a regular basis throughout the reporting period, the entity may instead disclose the weighted average share price during the reporting period

The weighted average share price at the date of exercise of these options, as at March 31, 2017 was ₹ 250.59.

The weighted average share price at the date of exercise of these options, as at March 31, 2016 was ₹ 110.00.

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

Manner in which the fair value of the share options granted during the period was determined:

The weighted average fair value of stock options granted during the year was ₹ 82.59 (March 31, 2016: 27.13). The Black and Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	As at March 31, 2017	As at March 31, 2016
Weighted average share price (₹)	249.63	115.22
Exercise price (₹)	237.40	110.00 – 119.00
Expected volatility (%)	29%	0%
Historical volatility (%)	0%	0%
Life of the options granted (vesting and exercise period) in years	3.64 – 6.64 years	3.50 - 6.50 years
Average risk-free interest rate (%)	6.61%	7.67%
Dividend yield	1.05%	6.41%

The effect of share-based payment transactions on the entity's statement of profit and loss for the period and on its financial position:

	As at March 31, 2017	As at March 31, 2016
Expense arising from equity settled share based payment transaction	6.03	4.37

34. Commitments and contingencies**a. Operating lease - Group as lessee**

The Group has obtained office premises under operating lease agreements out of which there is a lease agreement for an office premise for 6 years with a lock-in period of 3 years. These are generally cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by lease agreements. There are no subleases. The details are as follows:

The lease rentals charged during the period is as under:

	Year ended March 31, 2017	Year ended March 31, 2016
Lease rentals recognised during the period	30.64	32.47

Future minimum rentals payable under non-cancellable operating lease:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Within one year	1.80	1.80	-
After one year but not more than five years	1.05	2.84	-
More than five years	-	-	-
Total	2.85	4.64	-

Finance lease - Group as 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, 2017	As at March 31, 2016	As at April 1, 2015
Capital commitments:			
Estimated amount of contracts remaining to be executed on capital account and not provided, net of advances	122.86	21.61	201.58
Other commitments:			
Commitments in relation to investment in Smartalyse Technologies Private Limited (refer note A)	-	30.00	-

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

Note A

During the year ended March 31, 2016, the Group had entered into an agreement for making an investment of ₹ 60 in equity shares of Smartalyse Technologies Private Limited ("Smartalyse") by way of two tranches of ₹ 30 each. The Group had already made an investment of ₹ 30 in Smartalyse which has been disclosed under 'Non-current investment'. The second tranches of investment will be made within a period of 9 months from the date of execution of the agreement (i.e. November 3, 2015) upon satisfaction of certain terms and conditions as enunciated in the agreement. Subsequently, during the year ended March 31, 2017, the Group has made the second tranche of an investment of ₹ 30 in Smartalyse.

c. Contingent liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Claims against the Company not acknowledged as debts			
Service tax [Note (i)]	560.71	560.71	627.31
Service tax [Note (ii)]	285.35	285.35	-
Kerala Value added tax [Note (iii)]	0.15	0.15	0.15
Income tax [Note (iv)]	-	3.50	3.50
Total	846.21	849.71	630.96

- i) During the year ended March 31, 2016, the Company had received a statement of demand dated January 28, 2016 in relation to service tax for ₹ 560.71 (excluding penalty of ₹ 560.72) for the period from March 01, 2011 to March 31, 2014 on anti-virus software in Compact Disk issued by Additional Director General, New Delhi. The Company had filed an appeal with the Customs, Excise and Service Tax Appellate Tribunal against the said order. The management has represented, based on legal opinion obtained by the Company, that they have sufficient and strong arguments on fact as well as on point of law and outflow is not probable. Accordingly, no provision for liability has been recognised in the financial statements and the demand has been disclosed as contingent liability as at March 31, 2017, March 31, 2016 and April 1, 2015.
- ii) During the year ended March 31, 2016, the Company had received statement of demand dated January 25, 2016, in relation to the Service tax of ₹ 285.35 (excluding interest and penalties) for the period April 2014 to March 2015 on supply of anti-virus replicated CDs/DVDs along with license keys through dealers/ distributors to end customers in India issued by Principal Commissioner of Service tax, Pune. During the year ended March 31, 2017, the Company has received an order dated March 31, 2017 confirming the demand of ₹ 285.35 (excluding penalty of ₹ 28.55). The Company is in the process of filing a reply against the said notice with appropriate authority. The management has represented, based on legal opinion obtained by the Company, that they have sufficient and strong arguments on fact as well as on point of law and outflow is not probable. Accordingly, no provision for liability has been recognised in the financial statements and the demand has been disclosed as contingent liability as at March 31, 2017, March 31, 2016 and April 1, 2015.

Based on the grounds mentioned in point (i) and (ii) above, the Company has not recognised provision for liability in the financial statements in relation to the potential consequential liability for service tax for the period April 1, 2015 to March 31, 2017."

- iii) During the year ended March 31, 2015, the Company had received a notice of demand of VAT in the state of Kerala for ₹ 0.15 (VAT ₹ 0.13; Interest ₹ 0.02 and excluding penalty) on the ground of dispute in the stock transfer of anti-virus products transferred to the Branch. The Company had appealed the same before the first level appellate authority and the management had represented that they have sufficient and strong arguments on facts as well as on point of law and outflow is not probable. Accordingly, no provision for liability has been recorded in the financial statements and the demand has been disclosed as contingent liability as at March 31, 2017, March 31, 2016 and April 1, 2015.
- iv) This represented disputed income tax demand of ₹ 3.50 (including interest of ₹ 0.36 and excluding penalty) under section 156 of the Income-tax Act, 1961 related to A.Y. 2010-11. The Company had filed appeals against assessment order with relevant authorities and have received favourable order.

d. Other litigations

- i) During the current year, the suit filed before the Civil Judge (Senior Division) at Serampore Court, Hooghly District, West Bengal by one of the erstwhile distributor of the Company 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 and the suit filed before the City Civil Court, Calcutta by certain individuals who are relative of the erstwhile distributor claiming ownership of certain shares of the Company have been dismissed by the respective Courts.

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

- ii) In February 2016, one of the erstwhile distributor instituted a suit at 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. With respect to the above matters, the Company believes that the suits are frivolous and is seeking dismissal of the suits. The Company also believes that they have sufficient and strong arguments on facts as well as on point of law and accordingly no provision in this regard has been recognised in the financial results.
- iii) The Director of one of the erstwhile vendor had filed a First information Report (FIR) in June 2014 at Baddi Police Station, Himachal Pradesh, against certain directors and employees of the Company. The police investigated the case and came to the conclusion that there was no truth to the allegations in the FIR. The director of one of the erstwhile vendor subsequently filed a writ petition before the Himachal Pradesh High Court against the State of Himachal Pradesh and others against the said finding of the police.

35. Details of dues to micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)

There are no amounts as at March 31, 2017 (March 31, 2016: Nil) that need to be disclosed pertaining to Micro and Small Enterprises under MSMED Act, 2006. As at March 31, 2017 and March 31, 2016, the disclosure has been made on the basis of intimation provided by the supplier to the Company.

36. Disclosure required under section 186(4) of the Companies Act, 2013

Included in loans is an intercorporate deposit, the particulars of which are disclosed below:

Name of the loanee	Rate of interest	Due date	Secured/unsecured	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Wegilant Net Solutions Private Limited	14% p.a.	12 months from date of loan given	Unsecured	-	35.00	-

The loan given to Wegilant Net Solution Private Limited has been utilized for meeting their working capital requirements and for their business operations.

37. Share issue expenses recoverable

During the year ended March 31, 2016, the Holding Company had completed its Initial Public Offer (IPO) through an Offer for Sale of 6,269,558 equity shares and a fresh issue of 7,788,161 equity shares at a price of ₹ 321 per share (including share premium of ₹ 311 per equity share). Sequoia Capital India Investments III, which was holding 2,501,984 equity shares in the Company offered its entire holding in the Offer for Sale. Sequoia Capital India Investment Holdings III offered 87,574 equity shares, Mr. Kailash Katkar, and Sanjay Katkar offered 1,840,000 equity shares and 1,840,000 equity shares, respectively in the Offer for Sale in order to comply with SEBI's requirement of maximum holding of promoter and promoter group to 75%. Since the issue was an Offer for Sale and a fresh issue, all the share issue expenses related to the IPO have been proportionately distributed between the Company and the selling shareholders.

Share issue expenses

Other financial assets comprises share issue expenses incurred in connection with proposed Initial Public offer (IPO) only by way of offer for sale by existing shareholders of the Holding Company and a fresh issue offered to public. These receivables includes fees paid to bankers, stock exchanges, SEBI, lawyers, auditors, etc., in connection with the IPO of the Company. As per offer agreement between the Holding Company and the selling shareholders, all expenses with respect to the IPO have been proportionately distributed between the Holding Company and the selling shareholders. Accordingly, the Holding Company has classified the expenses incurred in connection with the IPO as receivable from selling shareholders under other financial assets, since these are not the expenses for the Holding Company.

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

38. Utilization of money raised through public issue

During the year ended March 31, 2016, the Holding 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, 2017 and March 31, 2016 against the following objects of the Offer is as follows:

Particulars	Fund allocated to the activities as per prospectus	Actual utilisation upto March 31, 2017	Unutilised money as on March 31, 2017	Actual utilisation upto March 31, 2016	Unutilised money as on March 31, 2016
Advertising and sales promotion	1,110.00	88.76	1,021.24	-	1,110.00
Capital expenditure on research and development	418.80	232.22	186.58	5.79	413.01
Purchase, development and renovation of office premises in Kolkata, Pune and New Delhi	275.95	57.29	218.66	19.56	256.39
General corporate purposes	537.76	80.12	457.64	-	537.76
Total	2,342.51	458.39	1,884.12	25.35	2,317.16

39. Utilisation of IPO proceeds

	Year ended March 31, 2017	Year ended March 31, 2016
Proceeds from IPO *	-	4,512.53
Less: Paid to selling shareholders	-	2,012.53
Sub-total (A)	-	2,500.00
Share issue expenses (accrual basis)	-	297.51
Less: Recoverable from selling shareholders	-	125.07
Sub-total (B)	-	172.44
Net proceeds (A-B)	-	2,327.56

* The allotment of shares was completed on February 16, 2016. The proceeds from IPO were pending utilization as at March 31, 2017 and March 31, 2016.

40. Details of investments made from unutilized portion of public issue raised during the year ended:

	As at March 31, 2017	As at March 31, 2016
Investments in fixed deposits of banks	1,897.50	2,250.00
Balance in current accounts	0.47	67.16
Total *	1,897.97	2,317.16

* includes in March 31, 2017: ₹ 13.85 (March 31, 2016: Nil) spent by the Company from bank accounts other than the IPO account.

41. Corporate social responsibility expenditure

				As at March 31, 2017	As at March 31, 2016
(a) Gross amount required to be spent by the Holding Company during the year				18.79	20.00

(b) Amount spent during the year	Paid	Yet to be paid	Total	Paid	Yet to be paid	Total
1. For the purpose of education and social activity	14.00	-	14.00	10.64	-	10.64

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

42. 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, Joint Managing Director and Chief Executive Officer
	Sanjay Katkar, Joint Managing Director and Chief Technical Officer
	Abhijit Jorvekar, Executive Director and Vice President Sales and Marketing
	Rajesh Ghonasgi, Chief Financial Officer
	Vijay Shirode, Company Secretary
	Vijay Mhaskar, Chief Operating Officer
	Pradeep Bhide, Independent Director
	Sunil Sethy, Independent Director
	Mehul Savla, Independent Director
	Apurva Joshi, Independent Director
	Shailesh Lakhani, Non-Executive Director
	Sanjay Pawar, Director
	Farokh Karani, Director (Upto February 2017)
Relatives of key management personnel	Anupama Katkar (wife of Kailash Katkar)
	Chhaya Katkar (wife of Sanjay Katkar)
Enterprises owned by directors or major shareholders	Kailash Sahebrao Katkar HUF
	Sanjay Sahebrao Katkar HUF
	Quick Heal Foundation

Transactions with related parties and period/year end balances

Nature of transaction	Name of the related party	Year ended March 31, 2017	Year ended March 31, 2016
Compensation paid to Key Management Personnel	Kailash Katkar	12.49	11.44
	Sanjay Katkar	12.49	11.44
	Abhijit Jorvekar	7.27	11.92
	Anupama Katkar	3.52	2.78
	Rajesh Ghonasgi	12.54	14.78
	Vijay Mhaskar	5.19	-
	Vijay Shirode	1.14	1.82
	Farokh Karani	6.81	5.78
	Sanjay Pawar	6.40	4.65
Sub-total		67.85	64.61
Directors' sitting fee	Pradeep Bhide	0.26	0.04
	Sunil Sethy	0.30	0.08
	Mehul Savla	0.19	0.03
	Apurva Joshi	0.27	0.12
Sub-total		1.02	0.27
Commission	Pradeep Bhide	0.80	0.50
	Sunil Sethy	0.80	0.60
	Mehul Savla	0.50	0.25
	Apurva Joshi	0.25	0.25
Sub-total		2.35	1.60
Reimbursement of expenses	Sanjay Pawar	0.32	-
Sub-total		0.32	-
Total		71.54	66.48

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

Particulars	Year ended March 31, 2017	As at March 31, 2016
Short-term employee benefits (compensation)	54.64	54.18
Post - employment gratuity benefits	0.35	(0.09)
Leave benefits	0.03	0.00
Share-based payment transactions	0.32	0.32
Total compensation paid to key management personnel	55.34	54.41

* 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	Number outstanding	Number outstanding	Number outstanding
February 6, 2014	-	96.25	26,000	52,000	78,000
September 6, 2014	-	110.00	5,000	7,500	10,000
September 24, 2015	-	110.00	2,625	3,500	-

* 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.

Nature of transaction	Name of the related party	Year ended March 31, 2017	Year ended March 31, 2016
Rent	Kailash Katkar	0.96	0.96
	Anupama Katkar	0.27	0.25
	Chhaya Katkar	0.27	0.25
	Kailash Sahebrao Katkar HUF	0.90	0.82
	Sanjay Sahebrao Katkar HUF	0.90	0.82
		3.30	3.10
CSR contribution	Quick Heal Foundation	14.00	10.64
		14.00	10.64
IPO expenses incurred on behalf of directors	Kailash Katkar	-	37.24
	Sanjay Katkar	-	37.24
		-	74.48
Final equity dividend declared and paid for the financial year ended March 31, 2016	Kailash Katkar	51.28	-
	Sanjay Katkar	51.28	-
	Anupama Katkar	12.51	-
	Chhaya Katkar	12.51	-
	Rajesh Ghonasgi	0.07	-
		127.65	-
Interim dividend declared and paid for the financial year ended March 31, 2015	Kailash Katkar	-	147.52
	Sanjay Katkar	-	147.52
	Anupama Katkar	-	33.03
	Chhaya Katkar	-	33.03
		-	361.10
Reimbursement of expenses	Sanjay Pawar	0.01	-
		0.01	-

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

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2016: ₹ Nil; April 1, 2015: ₹ 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, 2017	As at March 31, 2016	As at April 1, 2015
Remuneration payable	Kailash Katkar	-	0.56	1.45
	Sanjay Katkar	-	0.57	1.45
	Abhijit Jorvekar	-	0.35	0.31
	Anupama Katkar	-	0.17	0.39
	Rajesh Ghonasgi	-	0.43	0.45
	Vijay Shirode	-	0.08	0.07
	Sanjay Pawar	0.43	0.13	-
		0.43	2.29	4.12
Rent payable	Anupama Katkar	-	0.01	0.02
	Chhaya Katkar	-	0.01	0.02
	Kailash Sahebrao Katkar HUF	-	0.02	0.06
	Sanjay Sahebrao Katkar HUF	-	0.02	0.06
		-	0.06	0.16
Advance receivable from key management personnel	Kailash Katkar	-	0.37	-
	Sanjay Katkar	-	0.23	-
	Abhijit Jorvekar	-	0.32	0.19
	Rajesh Ghonasgi	-	0.16	-
		-	1.08	0.19
Share issue expenses recoverable	Kailash Katkar	-	1.31	-
	Sanjay Katkar	-	1.31	-
		-	2.62	-
Commission payable	Pradeep Bhide	0.80	0.50	-
	Sunil Sethy	0.80	0.60	-
	Mehul Savla	0.50	0.25	-
	Apurva Joshi	0.25	0.25	-
		2.35	1.60	-

43 (a). 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.

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

Revenue from operations

Particulars	Year ended March 31, 2017	As at March 31, 2016
From India	2,899.21	2,920.25
From foreign countries	100.52	100.65
Total	2,999.73	3,020.90

Total assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
From India	7,077.48	7,026.68	4,174.15
From foreign countries	257.76	146.61	119.54
Total	7,335.24	7,173.29	4,293.69

Income received from customers located outside India is included in the revenue from foreign countries.
There is no single customer who is accounting for more than 10% of the total revenue of the Group.

(b). Disclosure for Specified Bank Notes

Disclosure of details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 has been provided in the table below:

	SBNs	Other denomination notes*	Total
Closing cash in hand as on November 8, 2016	0.36	0.25	0.61
(+) Permitted receipts	-	2.78	2.78
(-) Permitted payments	0.04	2.37	2.41
(-) Amount deposited in Banks	0.32	-	0.32
Closing cash in hand as on December 30, 2016	-	0.66	0.66

* Permitted receipts and payments of other denomination notes disclosed above should not be construed as permitted receipts and permitted payments as permitted by RBI from time to time pursuant to the introduction of the demonetisation scheme by the Government vide RBI circular - RBI/2016-17/112 dated November 8, 2016. These are general receipts and payments of other denomination notes. It does not include details in relation to foreign currency notes.

(c). Delay in filing of Form FC-GPR

During the previous year there was an un-intentional delay in reporting of foreign inward remittances and filing of form FC-GPR in respect of the shares allotted to non-resident shareholders in the Form FC – GPR as required under the FDI Regulations of FEMA 1999, which was due to delay in receipt of foreign inward remittance certificates from the authorised dealers (AD). The said Form FC-GPR had been submitted for filing by the Group to AD.

(d). Exceptional items

Exceptional items includes ₹ 37.80 towards impairment of financial assets being loan to and interest receivable from Wegilant Net Solutions Private Limited.

44. Group information

List of subsidiaries which are included in the consolidation and the Company's effective holdings therein are as under:

Name of the subsidiary	Country of incorporation / Principle place of business	Financial year ends on	Company's ultimate holding as at		
			March 31, 2017	March 31, 2016	April 1, 2015
Quick Heal Technologies America Inc.	USA	March 31	100.00%	100.00%	100.00%
Quick Heal Technologies Japan K. K.	Japan	March 31	100.00%	100.00%	100.00%
Quick Heal Technologies Africa Limited	Kenya	March 31	100.00%	100.00%	100.00%
Quick Heal Technologies (MENA) FZE	Dubai	March 31	100.00%	100.00%	100.00%
Seqrite Technologies DMCC	Dubai	March 31	100.00%	-	-

All the subsidiaries of the Group are included in these consolidated financial statements.

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

Disclosure of additional information pertaining to Holding Company and subsidiaries after elimination:

Name of the company	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	As a % of consolidated net assets	Net assets Amount	As a % of consolidated net assets	Net assets Amount	As a % of consolidated net assets	Net assets Amount
Holding Company:						
Quick Heal Technologies Limited	98.02%	6,485.37	100.46%	6,322.54	100.46%	3,826.08
Foreign subsidiaries:				-		
Quick Heal Technologies America Inc.	0.22%	14.66	-0.42%	(26.31)	-0.02%	(0.64)
Quick Heal Technologies Japan K. K.	0.27%	17.65	-0.49%	(30.59)	-0.65%	(21.45)
Quick Heal Technologies Africa Limited	0.78%	51.63	0.29%	18.23	0.12%	4.13
Quick Heal Technologies (MENA) FZE	0.63%	41.50	0.16%	9.64	0.09%	2.62
Seqrite Technologies DMCC	0.08%	5.80	0.00%	-	0.00%	-
Total	100.00%	6,616.61	100.00%	6,293.51	100.00%	3,810.74

Share in profit and loss:

	Year ended March 31, 2017		Year ended March 31, 2016	
	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	107.03%	569.68	102.37%	592.91
Foreign subsidiaries:				
Quick Heal Technologies America Inc.	-2.83%	(15.06)	-4.32%	(25.22)
Quick Heal Technologies Japan K. K.	-5.58%	(29.70)	-1.29%	(7.55)
Quick Heal Technologies Africa Limited	0.94%	5.00	2.52%	14.71
Quick Heal Technologies (MENA) FZE	0.60%	3.20	0.72%	4.23
Seqrite Technologies DMCC	-0.16%	(0.85)	0.00%	-
Total	100.00%	532.27	100.00%	579.08

45. 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 March 31, 2017:

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit and loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Investments	-	1,750.82	66.66	1,817.48	1,817.48
Loans and security deposits	10.71	-	-	10.71	10.71
Trade and other receivables	971.83	-	-	971.83	971.83
Cash and cash equivalents	592.54	-	-	592.54	592.54
Other bank balances	1,501.16	-	-	1,501.16	1,501.16
Other financial assets	10.56	-	-	10.56	10.56
Total	3,086.80	1,750.82	66.66	4,904.28	4,904.28
Financial liabilities					
Trade and other payables	408.96	-	-	408.96	408.96
Other financial liabilities	13.16	-	-	13.16	13.16
Total	422.12	-	-	422.12	422.12

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

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments as of March 31, 2016:

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit and loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Investments	-	1,113.21	40.08	1,153.29	1,153.29
Loans and security deposits	36.71	35.00	-	71.71	71.71
Trade and other receivables	923.81	-	-	923.81	923.81
Cash and cash equivalents	1,167.24	-	-	1,167.24	1,167.24
Other bank balances	1,523.30	-	-	1,523.30	1,523.30
Other financial assets	20.73	-	-	20.73	20.73
Total	3,671.79	1,148.21	40.08	4,860.08	4,860.08
Financial liabilities					
Trade and other payables	509.85	-	-	509.85	509.85
Other financial liabilities	10.25	-	-	10.25	10.25
Total	520.10	-	-	520.10	520.10

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments as of April 1, 2015:

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit and loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Investments	-	1,324.33	3.94	1,328.27	1,328.27
Loans and security deposits	11.73	-	-	11.73	11.73
Trade and other receivables	625.55	-	-	625.55	625.55
Cash and cash equivalents	125.05	-	-	125.05	125.05
Other bank balances	1.35	-	-	1.35	1.35
Other financial assets	1.39	-	-	1.39	1.39
Total	765.07	1,324.33	3.94	2,093.34	2,093.34
Financial liabilities					
Trade and other payables	351.65	-	-	351.65	351.65
Other financial liabilities	11.45	-	-	11.45	11.45
Total	363.10	-	-	363.10	363.10

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:

- 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.
- The fair values of the unquoted equity shares, compulsory convertible preference shares have been estimated using a discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model

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

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, 2017 and March 31, 2016 are as shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Compulsory Convertible Preference Shares in Wegilent Net Solutions Private Limited	Discounted cash flow method	Weighted average cost of equity	March 31, 2016: 30%	1% increase in the WACC would decrease the fair value by ₹ 0.39 and 1% decrease would increase the fair value by ₹ 0.42.
		Long-term growth rate for cash flows	March 31, 2016: 5%	1% increase in the growth would increase the fair value by ₹ 0.15 and 1% decrease would decrease the fair value by ₹ 0.14.
		Long-term operating margin	March 31, 2016: -53.55% to 76.43%	15% increase in the margin would increase the fair value by ₹ 1.24 and 15% decrease would decrease the fair value by ₹ 1.24.
Unquoted equity shares in Smartalyse Technologies Private Limited	Discounted cash flow method	Weighted average cost of equity	March 31, 2017: 19% to 21%	1% increase in the WACC would decrease the fair value by ₹ 1.05 and 1% decrease would increase the fair value by ₹ 1.22.
		Long-term growth rate for cash flows	March 31, 2017: 5% to 7%	1% increase in the growth would increase the fair value by ₹ 0.73 and 1% decrease would decrease the fair value by ₹ 0.63
		Long-term operating margin	March 31, 2017: 11.58% to 41.58%	15% increase in the margin would increase the fair value by ₹ 5.77 and 15% decrease would decrease the fair value by ₹ 5.77.

Reconciliation of fair value measurement of financial assets classified as FVTOCI:

Particulars	Compulsory convertible preference shares	Unquoted equity shares
As at April 1, 2015	3.94	-
Remeasurement recognised in OCI	(0.39)	6.53
Purchases	-	30.00
Sales	-	-
As at March 31, 2016	3.55	36.53
Remeasurement recognised in OCI	(3.55)	0.13
Purchases	-	30.00
Sales	-	-
As at March 31, 2017	-	66.66

46. 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 prices) or indirectly (i.e. derived from prices)

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

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, 2017, March 31, 2016 and April 1, 2015.

Quantitative disclosures fair value measurement hierarchy for assets -

	Date of valuation	Fair value measurement using			
		Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through OCI					
Unquoted equity instruments in Smartalyse Technologies Private Limited					
As at March 31, 2017	March 31, 2017	66.66	-	-	66.66
As at March 31, 2016	March 31, 2016	36.53	-	-	36.53
As at April 1, 2015	March 31, 2016	-	-	-	-
Unquoted Compulsory Convertible Preference Share in Wegilant Net Solutions Private Limited					
As at March 31, 2017	March 31, 2017	-	-	-	-
As at March 31, 2016	March 31, 2016	3.55	-	-	3.55
As at April 1, 2015	March 31, 2016	3.94	-	-	3.94
Financial assets measured at fair value through profit and loss					
Mutual fund investments					
Fair value through profit or loss investments					
As at March 31, 2017	March 31, 2017	1,750.82	1,750.82	-	-
As at March 31, 2016	March 31, 2016	1,113.21	1,113.21	-	-
As at April 1, 2015	March 31, 2016	1,324.33	1,324.33	-	-

There have been no transfers among Level 1, Level 2 and Level 3 during the year

47. Financial instruments risk management objectives and policies

The 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 Note 42 to the financial statements.

The Group 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 Group.

(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.

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

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 Company follows simplified approach for recognition of impairment loss allowance on Trade receivable.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the 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, 2017, March 31, 2016 and April 1, 2015. The working capital as at March 31, 2017 was ₹ 4,250.75 (March 31, 2016: ₹ 4,045.21: April 1, 2015: ₹ 1,740.03) including cash and cash equivalents.

As at March 31, 2017, March 31, 2016 and April 1, 2015, the outstanding employee obligations were ₹ 37.15, ₹ 33.13 and ₹ 31.50 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, 2017					
Trade payables	-	49.67	11.66	1.18	62.51
Other payables	-	346.93	-	-	346.93
Any other financial liabilities	-	13.16	-	-	13.16
Total	-	409.76	11.66	1.18	422.60
As at March 31, 2016					
Trade payables	-	125.33	7.60	2.00	134.94
Other payables	-	378.32	-	-	378.32
Any other financial liabilities	-	10.25	-	-	10.25
Total	-	513.90	7.60	2.00	523.51
As at April 1, 2015					
Trade payables	-	76.55	1.41	0.37	78.33
Other payables	-	276.75	-	-	276.75
Any other financial liabilities	-	11.45	-	-	11.45
Total	-	364.75	1.41	0.37	366.53

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 Group. 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 value holders of the Group. 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, 2017 is ₹ 6,616.61 (March 31, 2016: ₹ 6,293.51 and April 1, 2015: ₹ 3,810.74).

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2017, March 31, 2016 and April 1, 2015.

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

48. First-time adoption of Ind AS

As stated in note 2, these are the Group's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet as at April 1, 2015 (the Group's date of transition).

These financial statements, for the year ended March 31, 2017, are the first financial statement which Group has prepared in accordance with Ind AS. In preparing these financial statements, Group's opening statement of financial position was prepared as at April 1, 2015, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

In preparing its opening Ind AS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with Indian GAAP. An explanation of how the transition from Indian GAAP to Ind AS has affected the Group's financial position, financial performance and cash flow is set out below.

In preparing its opening Ind AS balance sheet, the Group has applied the following principles for assets, liabilities and equity forming part of the combined financial statements:

- Recognise all assets and liabilities whose recognition is required by Ind ASs;
- Not recognise items as assets and liabilities if Ind ASs do not permit such recognition;
- Reclassify items that it recognised in accordance with previous GAAP as one type of asset, liability or component of equity, but are a different type of asset, liability or component of equity in accordance with IndAS; and apply Ind ASs in measuring all recognised assets and liabilities.

Exemptions available under Ind AS 101

In preparing these financial statements, the Group has availed itself of certain exemptions and exceptions in accordance with Ind AS 101 as explained below:

1. Since there is no change in functional currency, the Group has elected to continue with the carrying value for all of its Property, plant and equipment and Intangible assets as recognised in its Indian GAAP financial statements as deemed cost at the date of transition.
2. Ind AS 102 Share-based payment has not been applied to equity instruments in share-based payment transactions that vested before April 1, 2015.
3. Business Combination
The Group is allowed to choose any date in the past from which it wants to account for the business combinations under Ind AS 103, without having to restate business combinations prior to such date. Accordingly, the group has applied the standard for all acquisitions completed after April 1, 2015, which coincides with the group's date of transition to Ind AS.

For all such acquisitions,

Amalgamation reserve previously included under IGAAP have been recognized separately in the opening Balance Sheet in accordance with Ind AS 103.

Exceptions from full retrospective application:

Estimates

The estimates at April 1, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

FVTOCI – unquoted equity shares

FVTPL – debt securities

Impairment of financial assets based on expected credit loss model

The estimates used by the Group to present these amounts in accordance with Ind AS reflect conditions at April 1, 2015, the date of transition to Ind AS and as of March 31, 2016.

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

Explanation of transition to Ind AS

The below mentioned reconciliations provide a quantification of the effect of significant differences arising from the transition from Indian GAAP to Ind AS in accordance with Ind AS 101 for the following:

- equity as at April 1, 2015;
- equity as at March 31, 2016; and
- profit for the year ended March 31, 2016

There are no material adjustments to the cash flow statements

In the reconciliations mentioned above, certain reclassifications have been made to Indian GAAP financial information to align with the Ind AS presentation.

Reconciliation of equity as at April 1, 2015 (Date of transition to Ind AS)

Particulars	Indian GAAP	Adjustments	Ind AS
ASSETS			
Non-current assets			
(a) Property, plant and equipment	1,001.95	-	1,001.95
(b) Capital work-in-progress	737.55	-	737.55
(c) Intangible assets	108.54	-	108.54
(d) Financial assets			
(i) Investments (refer note 1 below)	4.15	(0.21)	3.94
(ii) Loans and security deposits	0.64	-	0.64
(iii) Other financial assets	1.24	-	1.24
(e) Deferred tax assets (net) (refer note 6 below)	48.50	7.94	56.44
(f) Other non-current assets	172.10	-	172.10
	2,074.67	7.73	2,082.40
Current assets			
(a) Inventories	78.42	-	78.42
(b) Financial assets			
(i) Investments (refer note 2 below)	1,296.08	28.25	1,324.33
(ii) Trade and other receivables (refer note 10 below)	647.55	(22.00)	625.55
(iii) Cash and cash equivalents	125.05	-	125.05
(iv) Bank balances other than (iii) above	1.35	-	1.35
(v) Loans and security deposits	11.09	-	11.09
(vi) Interest accrued and share issue expenses recoverable	0.15	-	0.15
(c) Other current assets	45.35	-	45.35
	2,205.04	6.25	2,211.29
Total assets	4,279.71	13.98	4,293.69
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	610.70	-	610.70
(b) Other equity (refer note 7 below)			
(i) Retained earnings	2,224.30	491.40	2,715.70
(ii) Securities premium account	-	-	-
(iii) Amalgamation reserve	26.45	-	26.45
(iv) General reserve	450.26	-	450.26
(v) Other reserves (refer note 1 and 3 below)	2.69	4.94	7.63
Total equity	3,314.40	496.34	3,810.74
LIABILITIES			
Non-current liabilities			
(a) Net employee defined benefit liabilities	11.69	-	11.69
	11.69	-	11.69

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

Particulars	Indian GAAP	Adjustments	Ind AS
Current liabilities			
(a) Financial liabilities			
(i) Trade and other payables (refer note 10 below)	373.65	(22.00)	351.65
(ii) Other financial liabilities (refer note 9 below)	414.51	(403.06)	11.45
(b) Other current liabilities (refer note 9 below)	145.65	(57.30)	88.35
(c) Net employee defined benefit liabilities	19.81	-	19.81
(d) Current tax liabilities (net)		-	-
	953.62	(482.36)	471.26
Total liabilities	965.31	(482.36)	482.95
Total equity and liabilities	4,279.71	13.98	4,293.69

Reconciliation of equity as at March 31, 2016:

Particulars	Indian GAAP	Adjustments	Ind AS
ASSETS			
Non-current assets			
(a) Property, plant and equipment	1,323.54	-	1,323.54
(b) Capital work-in-progress	550.58	-	550.58
(c) Intangible assets	93.74	-	93.74
(d) Financial assets			
(i) Investments (refer note 1 below)	34.15	5.93	40.08
(ii) Loans and security deposits	1.52	-	1.52
(iii) Other financial assets	2.00	-	2.00
(e) Deferred tax assets (net) (refer note 6 below)	71.64	6.16	77.80
(f) Other non-current assets	177.38	-	177.38
	2,254.55	12.09	2,266.64
Current assets			
(a) Inventories	66.69	-	66.69
(b) Financial assets			
(i) Investments (refer note 2 below)	1,083.97	29.24	1,113.21
(ii) Trade and other receivables (refer note 10 below)	945.81	(22.00)	923.81
(iii) Cash and cash equivalents	1,167.24	-	1,167.24
(iv) Bank balances other than (iii) above	1,523.30	-	1,523.30
(v) Loans and security deposits	70.19	-	70.19
(vi) Interest accrued and share issue expenses recoverable	18.73	-	18.73
(c) Other current assets	23.48	-	23.48
	4,899.41	7.24	4,906.65
Total assets	7,153.96	19.33	7,173.29
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	700.30	-	700.30
(b) Other equity (refer note 7 below)			
(i) Retained earnings	2,597.50	211.89	2,809.39
(ii) Securities premium account	2,291.14	-	2,291.14
(iii) Amalgamation reserve	26.45	-	26.45
(iv) General reserve	450.26	-	450.26
(v) Other reserves (refer note 1 and 3 below)	3.52	12.45	15.97
Total equity	6,069.17	224.34	6,293.51

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

Particulars	Indian GAAP	Adjustments	Ind AS
LIABILITIES			
Non-current liabilities			
(a) Net employee defined benefit liabilities	18.34	-	18.34
	18.34	-	18.34
Current liabilities			
(a) Financial liabilities			
(i) Trade and other payables (refer note 10 below)	531.85	(22.00)	509.85
(ii) Other financial liabilities (refer note 9 below)	185.34	(175.09)	10.25
(b) Other current liabilities (refer note 9 below)	168.68	(7.92)	160.76
(c) Net employee defined benefit liabilities	14.79	-	14.79
(d) Current tax liabilities (net)	165.79	-	165.79
	1,066.45	(205.01)	861.44
Total liabilities	1,084.79	(205.01)	879.78
Total equity and liabilities	7,153.96	19.33	7,173.29

Reconciliation of total comprehensive income as at March 31, 2016

Particulars	Indian GAAP	Adjustments	Ind AS
Income			
Revenue from operations (refer note 11 below)	3,380.67	(359.77)	3,020.90
Finance income	65.41	-	65.41
Other income	32.64	0.98	33.62
Total income	3,478.72	(358.79)	3,119.93
Expenses			
Cost of materials consumed	39.60	-	39.60
Purchase of security software products	123.37	-	123.37
(Increase)/decrease in security software products	5.66	-	5.66
Employee benefits expense (refer note 3 and 4 below)	864.15	2.45	866.60
Depreciation and amortisation expense	237.12	-	237.12
Other expenses (refer note 10 below)	1,323.32	(356.81)	966.51
Total expenses	2,593.22	(354.36)	2,238.86
Profit before and tax	885.50	(4.43)	881.07
Tax expense			
Current tax	324.71	-	324.71
Deferred tax (refer note 6 below)	(23.12)	0.40	(22.72)
Total tax expense	301.59	0.40	301.99
Profit for the year	583.91	(4.83)	579.08
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement of defined benefit plans (refer note 4 below)	-	(0.43)	(0.43)
Income tax effect	-	0.15	0.15
	-	(0.28)	(0.28)
Net (loss) or gain on FVTOCI assets (refer note 1 below)	-	6.14	6.14
Income tax effect	-	(1.51)	(1.51)
	-	4.63	4.63

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

Particulars	Indian GAAP	Adjustments	Ind AS
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:	-	4.35	4.35
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	-	0.14	0.14
Income tax effect	-	-	-
	-	0.14	0.14
Other comprehensive income to be reclassified to profit or loss in subsequent periods:	-	0.14	0.14
Total comprehensive income for the year	583.91	(0.34)	583.57

Footnotes to reconciliation of equity as at April 1, 2015 and March 31, 2016 and profit or loss for the year ended March 31, 2016:**1) FVTOCI financial assets**

Under Indian GAAP, the Group accounted for long term investments in unquoted equity shares and preference shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Group has designated such investments as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value. The difference between the instruments fair value and Indian GAAP carrying amount has been recognised as a separate component of equity, in the FVTOCI reserve.

2) FVTPL financial assets

Under Indian GAAP, the Group accounted for investment in mutual funds as investment measured at lower of cost and market value. Under Ind AS, the Group has classified such investments as FVTPL investments. Ind AS requires FVTPL investments to be measured at fair value. The difference between the instruments fair value and Indian GAAP carrying amount has been recognised in retained earnings, as at transition date and in statement of profit and loss for the year ended March 31, 2016.

3) Employee stock option

Under Indian GAAP, the Group recognised only the intrinsic value for the long-term incentive plan as an expense. Ind AS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. An additional expense of ₹ 2.87 has been recognised in statement of profit and loss for the year ended March 31, 2016. Share options which were granted before and still vesting at April 1, 2015, have been recognised as a separate component of equity in ESOP reserve against retained earnings as at April 1, 2015.

4) Defined benefit obligation

Both under Indian GAAP and Ind AS, the Group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to statement of profit and loss. Under Ind-AS, remeasurements [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.

5) Translation of foreign operation

Under Indian GAAP, foreign exchange differences arising on translation of non-integral foreign operations are recognised directly in 'Foreign currency translation reserve'. Under Ind AS, foreign exchange differences arising on translation of foreign operations whose functional currency is different from that of a parent are recognised in 'Other comprehensive income' and are accumulated as part of 'Foreign currency translation reserve'. Such differences are reclassified from equity to statement of profit and loss on disposal of foreign operation.

6) Deferred tax

"Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Group has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction in retained earnings as at transition date and statement of profit and loss for the year ended March 31, 2016.

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

7) Other equity

Consequential impact of the abovementioned Ind AS Adjustments have been considered in retained earnings and other comprehensive income.

8) Other comprehensive income

Under Indian GAAP, the Group has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

9) Other payables

Under Indian GAAP, proposed dividends including DDT are recognised as a liability in the year to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid. In the case of the Company, the declaration of dividend occurs after year end. Therefore, the liability of ₹ 485.11 for the year ended on March 31, 2015 recorded for dividend has been derecognised against retained earnings on April 1, 2015. The proposed dividend for the year ended on March 31, 2016 of ₹ 210.73 recognized under Indian GAAP was reduced from other payables and with a corresponding impact in the retained earnings.

10) Trade payables and Trade receivables

Under Indian GAAP, sales incentive payable for one customer was disclosed under Trade payables whereas trade receivable from the same customer was disclosed under Trade receivables. Under Ind AS, these balances have been netted off.

11) Revenue from operation and other expenses

Under Indian GAAP, sales incentive and promotional expenses was disclosed under other expenses. Under Ind AS, these expenses have been netted off against revenue from operation.

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

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevial Khandelwal**

Partner

Membership Number: 501160

Place: Pune

Date: May 12, 2017

**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 12, 2017

Rajesh Ghonasgi

Chief Financial Officer

Place: Pune

Date: May 12, 2017

Sanjay Katkar

Managing Director
& Chief Technical Officer

DIN: 00397277

Place: Pune

Date: May 12, 2017

Vijay Shirode

Company Secretary

Place: Pune

Date: May 12, 2017

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

Independent Auditor's Report

To the Members of Quick Heal Technologies Limited

Report on the Standalone Ind AS financial statements

We have audited the accompanying standalone Ind AS financial statements of Quick Heal Technologies Limited ("the Company"), which comprise the standalone Balance Sheet as at March 31, 2017, the standalone Statement of Profit and Loss, including the standalone Other Comprehensive Income, the standalone Cash Flow Statement and the standalone Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements").

Management's Responsibility for the Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the

standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its results including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to Note 33(c) of the standalone Ind AS financial statements wherein it is stated that the Company has received statements of demand of service tax under the provisions of Finance Act, 1994 for INR 846.06 million (excluding penalty of INR 589.26 million) for the period from March 01, 2011 to March 31, 2015 and as more fully discussed therein and based on the matter stated therein including legal opinion obtained by the Company, no provision has been considered by the management in these financial statements including similar liability for the subsequent period till March 31, 2017.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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 purpose 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, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash flow statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (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 Ind AS financial statements – Refer Note 33(c) to the standalone Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
- iv. The Company has provided requisite disclosures in Note 47(b) to these standalone Ind AS financial statements as to the holding of Specified Bank Notes (SBNs) on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and relying on the management representations, except for the details regarding nature of payments made through SBNs and other denomination notes as more fully described in Note 47(b) to these standalone Ind AS financial statements upon which we are unable to comment on in the absence of specific information, which as represented to us, is in the process of being compiled by the management, we report that these disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

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

per **Tridevjal Khandelwal**
Partner
Membership Number: 501160

Place of Signature: Pune
Date: May 12, 2017

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

Independent Auditor's Report

Annexure 1 referred to in paragraph 1 under the heading "Reporting on Other Legal and Regulatory Requirements" of our report of even date

Re: Quick Heal Technologies Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not advanced loans to directors / to a company in which the Director is interested to which provisions of Section 185 of the Act apply and hence not commented upon. In our opinion and according to the information and explanations given to us, provisions of Section 186 of the Act in respect of loans and advances given, investments made have been complied with by the company. Further, the Company has not given guarantee or provided security to which the provisions of Section 186 of the Act apply.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, for the products and services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in few cases with respect to value added tax.
- (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, 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 records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (INR in millions)	Period to which the amount relates	Forum where the dispute is pending
The Finance Act, 1994	Service tax on supply of licences to end customers**	560.71	March 1, 2011 to March 31, 2014	Additional Director General (Adjudication), New Delhi
The Finance Act, 1994	Service tax on supply of licences to end customers**	285.35	FY 2014-15	Commissioner Service tax audit Commissionerate, Pune
The Kerala Value Added Tax Act, 2003	Value added tax on stock transfer	0.11 (net of 0.05 paid under protest)	FY 2012-13	Deputy Commissioner of Appeals (Commercial Tax), Kochi
Income-tax Act, 1961	Tax on account of disallowance of expenses on 14A	1.83*	FY 2013-14	Commissioner of Income Tax (Appeals)
Income-tax Act, 1961	Tax on account of disallowance of expenses on 14A	0.89*	FY 2011-12	Commissioner of Income Tax (Appeals)

* The amount of tax is calculated using the tax rates applicable during the relevant assessment year based on the amount of disallowances / adjustments under dispute.

** excludes interest and penalty, if any, thereon.

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

- (viii) In our opinion and according to the information and explanations given by the management, the Company did not have any outstanding dues in respect of financial institution, bank, government or debenture holders during the year.
- (ix) In our opinion and according to the information and explanations given by the management, monies raised by the Company by way of initial public offer were applied for the purpose for which they were raised, though idle funds which were not required for immediate utilization have been gainfully invested in liquid investments payable on demand. The maximum amount of idle funds invested during the year was INR 2,317.16 million, of which INR 1,886.42 million was outstanding at the end of the year. According to the information and explanations given by the management, the Company has not raised any money by way of term loans.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and hence not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevial Khandelwal**

Partner

Membership Number: 501160

Place of Signature: Pune

Date: May 12, 2017

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

Independent Auditor's Report

Annexure 2 referred to in paragraph 2 (f) under the heading "Report on Other Legal and Regulatory Requirements" of our report on even date

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

To the Members of Quick Heal Technologies Limited

We have audited the internal financial controls over financial reporting of **Quick Heal Technologies Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Tridevial Khandelwal

Partner

Membership Number: 501160

Place of Signature: Pune

Date: May 12, 2017

Standalone Balance Sheet

as at March 31, 2017

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

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Assets				
Non-current assets				
(a) Property, plant and equipment	6	1,780.66	1,321.55	1,001.08
(b) Capital work-in-progress		135.89	550.21	737.39
(c) Intangible assets	7	65.12	93.74	108.54
(d) Financial assets				
(i) Investments in subsidiaries	8	294.91	130.05	88.95
(ii) Investments in others	8	66.66	40.08	3.94
(iii) Loans and security deposits	9	4.50	1.52	0.64
(iv) Other financial assets	10	2.07	5.29	4.82
(e) Deferred tax assets (net)	29	87.30	77.80	56.44
(f) Other non-current assets	14	244.79	177.52	172.07
		2,681.90	2,397.76	2,173.87
Current assets				
(a) Inventories	11	72.22	53.68	69.62
(b) Financial assets				
(i) Investments	8	1,750.82	1,113.21	1,324.33
(ii) Trade and other receivables	12	949.90	969.11	654.58
(iii) Cash and cash equivalents	13	501.16	1,107.22	72.08
(iv) Bank balances other than (iii) above	13 (a)	1,501.16	1,523.30	1.35
(v) Loans and security deposits	9	5.38	68.87	10.10
(vi) Interest accrued and share issue expenses recoverable	10	8.73	18.73	0.15
(c) Current tax assets (net)		-	-	-
(d) Other current assets	14	33.85	23.04	44.69
		4,823.22	4,877.16	2,176.90
Total assets		7,505.12	7,274.92	4,350.77
Equity and liabilities				
Equity				
(a) Equity share capital	15	701.02	700.30	610.70
(b) Share application money pending allotment		0.06	-	-
(c) Other equity	16			
(i) Retained earnings		3,299.40	2,917.32	2,778.93
(ii) Securities premium account		2,297.36	2,291.14	-
(iii) Amalgamation reserve		26.45	26.45	26.45
(iv) General reserve		450.26	450.26	450.26
(v) Other reserves		15.97	14.50	6.31
Total equity		6,790.52	6,399.97	3,872.65
Liabilities				
Non-current liabilities				
(a) Net employee defined benefit liabilities	20	22.73	18.34	11.69
		22.73	18.34	11.69
Current liabilities				
(a) Financial liabilities				
(i) Trade and other payables	17	406.02	506.07	347.20
(ii) Other financial liabilities	18	13.16	10.25	11.45
(b) Other current liabilities	19	135.79	159.71	87.97
(c) Net employee defined benefit liabilities	20	14.42	14.79	19.81
(d) Current tax liabilities (net)	21	122.48	165.79	-
		691.87	856.61	466.43
Total liabilities		714.60	874.95	478.12
Total equity and liabilities		7,505.12	7,274.92	4,350.77

Summary of significant accounting policies

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

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevial Khandelwal**

Partner

Membership Number: 501160

Place: Pune

Date: May 12, 2017

**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 12, 2017

Rajesh Ghonasgi

Chief Financial Officer

Place: Pune

Date: May 12, 2017

Sanjay Katkar

Managing Director

& Chief Technical Officer

DIN: 00397277

Place: Pune

Date: May 12, 2017

Vijay Shirole

Company Secretary

Place: Pune

Date: May 12, 2017

Standalone Statement of Profit and Loss

for the year ended March 31, 2017

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

	Notes	Year ended March 31, 2017	Year ended March 31, 2016
Income			
Revenue from operations	22	2,990.22	2,984.90
Less: Excise duty			
Revenue from operations (net)			
Finance income	23	244.20	65.41
Other income	24	33.56	29.05
Total income		3,267.98	3,079.36
Expenses			
Cost of materials consumed	25 (a)	14.02	12.79
Purchase of security software products	25 (b)	126.99	120.55
(Increase) / decrease in security software products	25 (c)	(9.18)	10.25
Employee benefits expense	26	987.62	835.25
Depreciation and amortisation expense	27	308.67	236.78
Other expenses	28	898.31	938.07
Total expenses		2,326.43	2,153.69
Profit before exceptional items and tax		941.55	925.67
Exceptional items (refer note 47 (e))		44.13	-
Profit before tax		897.42	925.67
Tax expense			
Current tax	29		
Pertaining to profit for the current year		317.56	324.61
Adjustments of tax relating to earlier periods		(1.72)	-
Deferred tax		(10.11)	(22.72)
Total tax expense		305.73	301.89
Profit for the year		591.69	623.78
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement of defined benefit plans		1.70	(0.43)
Income tax effect		(0.58)	0.15
		1.12	(0.28)
Net (loss) or gain on FVTOCI assets		(3.42)	6.14
Income tax effect		(0.03)	(1.51)
		(3.45)	4.63
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		(2.33)	4.35
Total comprehensive income for the year		589.36	628.13
Earnings per equity share [nominal value per share ₹ 10 (March 31, 2016: ₹ 10)]	30		
Basic		8.45	10.00
Diluted		8.40	9.98

Summary of significant accounting policies

3

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

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevwal Khandelwal**
Partner
Membership Number: 501160Place: Pune
Date: May 12, 2017**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 12, 2017**Rajesh Ghonasgi**
Chief Financial Officer
Place: Pune
Date: May 12, 2017**Sanjay Katkar**
Managing Director
& Chief Technical Officer
DIN: 00397277
Place: Pune
Date: May 12, 2017**Vijay Shirole**
Company Secretary
Place: Pune
Date: May 12, 2017

Standalone Cash Flow Statement

for the year ended March 31, 2017

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

	March 31, 2017	March 31, 2016
A. Cash flow from operating activities		
Profit before tax	897.42	925.67
Adjustment to reconcile profit before tax to net cash flows		
Exceptional items	44.13	-
Net foreign exchange differences	0.47	(3.02)
Employee share based payments expense	6.03	4.37
Depreciation and amortization expense	308.67	236.78
Interest income	(185.38)	(15.62)
Provision for doubtful debts and advances	6.53	3.36
Bad debts (written back)/written off	(0.15)	2.11
Fixed assets written off	3.65	-
Loss / (profit) on sale of fixed assets (net)	(0.46)	0.02
Dividend income	(58.82)	(47.83)
Exchange difference on translation of foreign currency cash and cash equivalents	0.44	0.07
Net loss/(gain) on sale of investment	0.59	(1.96)
Net gain on FVTPL mutual fund	(22.18)	(18.36)
Operating profit before working capital changes	1,000.94	1,085.59
Movements in working capital:		
Decrease/(increase) in trade and other receivables	12.36	(316.98)
(Increase)/decrease in inventories	(18.54)	15.94
Decrease/(increase) in loans	25.51	(59.65)
Decrease/(increase) in other financial assets	7.73	(7.78)
(Increase)/decrease in other assets	(108.93)	17.83
Increase in net employee defined benefit liabilities	5.72	1.20
(Decrease)/increase in trade payables	(100.05)	158.87
(Decrease)/increase in other current liabilities	(23.92)	71.74
Cash generated from operations	800.82	966.76
Direct taxes paid (net of refunds)	(302.96)	(156.91)
Net cash flow from/(used in) operating activities (A)	497.86	809.85
Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress and capital advances)	(347.01)	(360.42)
Proceeds from sale of property, plant and equipment	4.23	0.39
Investments in subsidiaries	(171.19)	(41.10)
Investments in non-current investments (other)	(30.00)	(30.00)
Purchase of current investments	(2,901.69)	(2,066.70)
Sale of current investments	2,285.67	2,298.14
Decrease/(increase) in bank balances other than cash and cash equivalents	22.14	(1,521.95)
Interest received	180.31	4.35
Dividends received	58.82	47.83
Net cash (used in) investing activities (B)	(898.72)	(1,669.46)

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

	March 31, 2017	March 31, 2016
Cash flow from financing activities		
Dividend paid on equity shares	(175.01)	(403.06)
Tax on equity dividend paid	(35.64)	(82.05)
Proceeds from issuance of equity shares (including securities premium and net of share issue expenses)	5.83	2,379.93
Share application money pending allotment	0.06	-
Net cash flow (used in)/from financing activities (C)	(204.76)	1,894.82
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(605.62)	1,035.21
Cash and cash equivalents at the beginning of the year	1,107.22	72.08
Effect of exchange differences on cash and cash equivalents held in foreign currency	(0.44)	(0.07)
Cash and cash equivalents at the end of the year	501.16	1,107.22
Components of cash and cash equivalents		
Cash on hand	0.49	1.92
Balances with banks		
On current account	94.16	341.81
On EEFC account	8.93	1.49
Unpaid dividend account	0.08	-
Deposits with original maturity of less than three months	397.50	750.00
Cheques on hand	-	12.00
Total cash and cash equivalents (refer note 13)	501.16	1,107.22

Summary of significant accounting policies

3

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

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevlal Khandelwal**

Partner

Membership Number: 501160

Place: Pune

Date: May 12, 2017

**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 12, 2017

Rajesh Ghonasgi

Chief Financial Officer

Place: Pune

Date: May 12, 2017

Sanjay KatkarManaging Director
& Chief Technical Officer

DIN: 00397277

Place: Pune

Date: May 12, 2017

Vijay Shirode

Company Secretary

Place: Pune

Date: May 12, 2017

Standalone Statement of changes in equity

for the year ended March 31, 2017

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

A. Equity share capital

Equity shares of INR 10 each issued, subscribed and fully paid-up	No.	INR
As at April 1, 2015	61,069,688	610.70
- Employee stock option plan (ESOP)	1,172,179	11.72
- Initial public offer (IPO) (refer note 15)	7,788,161	77.88
As at March 31, 2016	70,030,028	700.30
- Employee stock option plan (ESOP) (refer note 15)	72,177	0.72
As at March 31, 2017	70,102,205	701.02

B. Share application money pending allotment

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Share application money pending allotment	0.06	-	-

C. Other equity

Other equity attributable to equity holders of the Company

	Securities premium account	Employee stock options outstanding (ESOP)	Amalgamation reserve	General reserve	Retained earnings	Equity instruments through Other comprehensive income	Total
Balance as at April 1, 2015	-	6.52	26.45	450.26	2,778.93	(0.21)	3,261.95
Profit for the year	-	-	-	-	623.78	-	623.78
Other comprehensive income	-	-	-	-	(0.28)	4.63	4.35
Total comprehensive income	-	-	-	-	623.50	4.63	628.13
Expenses pertaining to share-based payments	-	4.37	-	-	-	-	4.37
Exercise of share options	41.46	(0.81)	-	-	-	-	40.65
Fresh issue of shares (refer note 16)	2,422.12	-	-	-	-	-	2,422.12
Share issue expenses	(172.44)	-	-	-	-	-	(172.44)
Appropriations:							
Final equity dividend	-	-	-	-	(403.06)	-	(403.06)
Tax on final dividend	-	-	-	-	(82.05)	-	(82.05)
							-
Balance as at March 31, 2016	2,291.14	10.08	26.45	450.26	2,917.32	4.42	5,699.67
Profit for the year	-	-	-	-	591.69	-	591.69
Other comprehensive income	-	-	-	-	1.12	(3.45)	(2.33)
Total comprehensive income	-	-	-	-	592.81	(3.45)	589.36

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

	Securities premium	Employee stock options outstanding (ESOP)	Amalgamation reserve	General reserve	Retained earnings	Equity instruments through Other comprehensive income	Total
Expenses pertaining to share-based payments	-	6.03	-	-	-	-	6.03
Exercise of share options	6.22	(1.11)	-	-	-	-	5.11
Appropriations:							
Final equity dividend	-	-	-	-	(175.09)	-	(175.09)
Tax on final dividend	-	-	-	-	(35.64)	-	(35.64)
Balance as at March 31, 2017	2,297.36	15.00	26.45	450.26	3,299.40	0.97	6,089.44

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

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevlal Khandelwal**

Partner

Membership Number: 501160

Place: Pune

Date: May 12, 2017

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 12, 2017

Rajesh Ghonasgi

Chief Financial Officer

Place: Pune

Date: May 12, 2017

Sanjay KatkarManaging Director
& Chief Technical Officer

DIN: 00397277

Place: Pune

Date: May 12, 2017

Vijay Shirode

Company Secretary

Place: Pune

Date: May 12, 2017

Notes Forming Part of Standalone

financial statements for the year ended March 31, 2017

(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, 2017 were authorised for issue in accordance with a resolution of the Board of Directors on May 12, 2017.

2. Basis of preparation

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

For all periods up to and including the year ended March 31, 2016, the Company prepared its standalone financial statements in accordance with Accounting Standards specified in Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP"). These standalone financial statements for the year ended March 31, 2017 are the first standalone financial statements that the Company has prepared in accordance with Ind AS.

Refer note 51 for information on how the Company has adopted Ind AS.

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 at fair value through profit or loss	Fair value
Equity-settled share based payment transactions	Fair value on date of grant
Defined benefit plan assets	Fair value

3. Summary of significant accounting policies

The following are the significant accounting policies applied by the Company in preparing its standalone financial statements:

a) Current versus non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is treated as current when:

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

The Company classifies all other liabilities as non-current.

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

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

b) Foreign currencies

The Company's standalone financial statements are presented in Indian Rupees, which is also the

functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Transaction and balances

Transactions in foreign currencies are initially recorded by the Company's functional currency spot rates at the date the transaction first qualifies for recognition.

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

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

c) Fair value measurement

The Company measures financial instruments such as investments in equity shares at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the 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.

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

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 5)
- Quantitative disclosures of fair value measurement hierarchy (refer note 48 and 49)
- Financial instruments risk management objective & policies (refer note 50)

d) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duties collected on behalf of the government. Revenue is reduced for estimated rebates and other similar allowances.

Sales tax and value added tax (VAT) 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 goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the 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 18, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering sale of security software and related services as separately identifiable components. For allocating the consideration, the Company has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in Ind AS 18. The Company allocates and defers revenue for the undelivered items based on specific objective evidence of the fair value of the undelivered elements and recognizes the difference between the total price charged and the amount deferred for the undelivered items as revenue.

- (ii) **Sale of mobile software product with insurance**
Revenue from sale of mobile software products is recognized (net of insurance premium collected on behalf of insurer agency) when all the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods to its customers. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.
- (iii) **Income from services**
Revenues from support services are recognized as and when services are rendered by reference to the stage of completion. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.
- (iv) **Interest**
Interest income is accrued on a time basis, by reference to the principal outstanding and at

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

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 "finance income" in the statement of profit and loss.

- (v) **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 "finance income" in the statement of profit and loss.

e) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

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.

f) **Property, plant and equipment**

The Company has elected to continue with the carrying value of all of its property, plant and equipment and capital work in progress, measured as per the Indian GAAP as at March 31, 2015 and use those net carrying values as deemed cost as at the date of transition to Ind AS i.e. April 1, 2015.

Property, plant and equipment and capital work in progress are stated at cost net of accumulated depreciation and impairment losses, if any.

The cost comprises of the purchase price and directly attributable costs of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Each part of item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery.

Capital work-in-progress comprises of the cost of property, plant and equipment that are not yet ready for their intended use as at the balance sheet date.

Depreciation on property, plant and equipment is calculated on a written down value (WDV) basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its property, plant and equipment.

Type of assets	Schedule II life (years)	Useful lives estimated by the management (years)	Rates (WDV)
Buildings	60	60	4.87%
Computers	3	3	63.16%
Electrical installations	10	10	25.89%
Furniture and fixtures	10	10	25.89%
Office equipment	5	5	45.07%
Server	6	6	39.30%
Vehicles	8	8	31.23%

Leasehold premises are amortized on a straight line basis over the period of lease, i.e. 30 years.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

g) Intangible assets

The Company has elected to continue with the carrying value of all of its intangible assets measured as per Indian GAAP and use those net carrying values as deemed cost as at the date of transition to Ind AS i.e. April 1, 2015.

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 recognised as an intangible asset when the Company can demonstrate all the following:

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

- 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.

A summary of the amortization policy applied to the Company's intangible assets is as below:

Type of assets	Life (years)
Software	3

h) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. Finance leases that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between

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

finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying asset.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit and loss on a straight-line basis over the lease term except the case where the incremental lease reflects inflationary effect and lease expense is accounted in such case by actual rent for the period.

i) 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 of finished goods includes excise duty, whenever applicable. 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.

j) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Company. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Company's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the

CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

k) 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.

l) 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.

m) 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

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

plan. The contribution paid/payable under the schemes is recognised in the statement of profit and loss during the period in which the employee renders the related service. The Company has no further obligations under these schemes beyond its periodic contributions.

The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related services. If the contribution payable to the scheme for services received before balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then the excess recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or cash refund.

(ii) Defined benefit plan

The Company operates a defined benefit plan for its employees, viz. gratuity. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. The fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on a net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods.

Past service costs are recognised in statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the

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

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.

n) Share based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment ("SBP") reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or 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.

o) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Initial recognition and measurement of financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking

into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or

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

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 18

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

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to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as expense/ (income) in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce

impairment allowance from the gross carrying amount

- 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.

p) Investment in subsidiaries

Investment in subsidiaries is carried at cost in the standalone financial statements as at the date of transition to Ind AS i.e. April 1, 2015.

q) 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.

r) 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.

s) 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.

t) 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. Recent accounting pronouncements

Standards issued but not yet effective

On March 30, 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind

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AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to Ind AS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively.

Amendment to Ind AS 7: Statement of cash flows

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. These amendments are effective for annual periods beginning on or after April 1, 2017. Application of the amendments will result in additional disclosures provided by the Company.

Amendment to Ind AS 102: Share-based payment

The amendment to Ind AS 102 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

The amendments are effective for annual periods beginning on or after April 1, 2017.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. Since the Company does not have cash settled awards or awards with net settlement features, this amendment does not have any effect on the financial statements of the Company.

5. 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 judgements is required to apply lease accounting rules under Appendix C to Ind AS 17 'Determining whether an arrangement contains a lease'. In assessing the applicability to arrangements entered into by the Company with its various sub-contractors regarding providing of certain services, the Company has exercised judgment to evaluate the right to use the underlying assets, substance of the transaction including legally enforced arrangements, and other significant terms and conditions of the arrangement to conclude whether the arrangements meets the criteria under Appendix C to Ind AS 17. Based on the evaluation, the Company has concluded that the arrangements do not meet the definition of lease as specified under Appendix C to Ind AS 17.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not

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include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in note 31.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 48 for further disclosures.

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

6. Property, plant and equipment

	Freehold land (refer note 2)	Leasehold premises	Buildings (refer note 1)	Computers and server	Office equipment	Electrical installations	Furniture and fixtures	Vehicles	Total
Cost (Gross) (refer note 3)									
At April 1, 2015	8.80	21.32	830.61	95.02	85.85	54.51	115.79	17.37	1,229.27
Additions	-	-	292.82	64.30	60.89	24.03	67.84	1.74	511.62
Disposals	-	-	-	-	0.15	-	-	1.18	1.33
At March 31, 2016	8.80	21.32	1,123.43	159.32	146.59	78.54	183.63	17.93	1,739.56
Additions	17.83	-	370.67	193.38	44.90	15.04	43.31	0.83	685.96
Disposals/ written-offs	-	-	-	12.35	14.07	0.15	0.03	1.57	28.17
At March 31, 2017	26.63	21.32	1,494.10	340.35	177.42	93.43	226.91	17.19	2,397.35
Depreciation (Gross) (refer note 3)									
At April 1, 2015	-	4.27	72.87	54.32	39.75	11.30	38.00	7.68	228.19
Charge for the year	-	0.67	50.17	38.52	45.59	17.14	35.28	3.37	190.74
Disposals	-	-	-	-	0.09	-	-	0.83	0.92
At March 31, 2016	-	4.94	123.04	92.84	85.25	28.44	73.28	10.22	418.01
Charge for the year	-	0.71	63.92	59.90	41.87	15.98	37.96	2.74	223.08
Disposals/ written-offs	-	-	-	11.59	11.21	0.12	0.01	1.47	24.40
At March 31, 2017	-	5.65	186.96	141.15	115.91	44.30	111.23	11.49	616.69
Net block									
At April 1, 2015 (refer note 3)	8.80	17.05	757.74	40.70	46.10	43.21	77.79	9.69	1,001.08
At March 31, 2016	8.80	16.38	1,000.39	66.48	61.34	50.10	110.35	7.71	1,321.55
At March 31, 2017	26.63	15.67	1,307.14	199.20	61.51	49.13	115.68	5.70	1,780.66

1. Additions of building includes office building (including share in undivided portion of land) taken on long term lease i.e. 999 years.
2. The value of land has been estimated at the stamp duty valuation.
3. The Company has carried forward the gross block and accumulated depreciation above, for disclosure purpose only.

7. Intangible assets

	Software	Total
Cost (Gross) (refer note 1)		
At April 1, 2015	282.93	282.93
Purchase	31.24	31.24
Disposals	-	-
At March 31, 2016	314.17	314.17
Purchase	56.97	56.97
Disposals	-	-
At March 31, 2017	371.14	371.14
Amortisation (Gross) (refer note 1)		
At April 1, 2015	174.39	174.39

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

	Software	Total
Charge for the year	46.04	46.04
Disposals	-	-
At March 31, 2016	220.43	220.43
Charge for the year	85.59	85.59
Disposals	-	-
At March 31, 2017	306.02	306.02
Net block		
At April 1, 2015	108.54	108.54
At March 31, 2016 (refer note 1)	93.74	93.74
At March 31, 2017	65.12	65.12

Note-1 The Company has carried forward the gross block and accumulated amortisation above, for disclosure purpose only.

8. Investments

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non - current investments			
Investment in equity shares (unquoted) (at cost)			
Investment in wholly owned subsidiaries			
3,600 (March 31, 2016: 1,807; April 1, 2015: 852) equity shares of JPY 50,000 each fully paid-up in Quick Heal Technologies Japan K.K., Japan	108.35	52.35	26.33
923,000 (March 31, 2016: 130,000*; April 1, 2015: 30,000) equity shares of USD 1 each fully paid-up in Quick Heal Technologies America Inc., USA	62.15	16.74	1.66
11,367,500 (March 31, 2016: 1,780,000; April 1, 2015: 1,780,000) equity shares of KSH 10 each fully paid-up in Quick Heal Technologies Africa Limited, Kenya	76.80	12.64	12.64
28 (March 31, 2016: 28; April 1, 2015: 28) equity shares of AED 100,000 each fully paid-up in Quick Heal Technologies (MENA) FZE, UAE	48.32	48.32	48.32
Less: Impairment of investment in Quick Heal Technologies (MENA) FZE, UAE	(6.33)	-	-
300 (March 31, 2016: Nil; April 1, 2015: Nil) equity shares of AED 1,000 each fully paid-up in Seqrite Technologies DMCC, UAE	5.62	-	-
Sub total - Investment in equity shares (unquoted) (at cost)	294.91	130.05	88.95
* Includes share application money against which shares were not issued/allotted as at the balance sheet date.			
Investments at fair value through OCI			
Investment in other equity shares (unquoted)			
4,472 (March 31, 2016: 2,236; April 1, 2015: Nil) equity shares of ₹ 10 each fully paid-up in Smartalyse Technologies Private Limited	66.66	36.53	-
Investment in preference shares (unquoted)			
15,162 (March 31, 2016: 15,162; April 1, 2015: 15,162) Compulsory Convertible Preference Shares of ₹ 10 each fully paid-up in Wegilant Net Solutions Private Limited	3.55	3.55	3.94
Less: Fair value changes routed through OCI	(3.55)	-	-
Sub total - Investments at fair value through OCI	66.66	40.08	3.94
Total non - current investments	361.57	170.13	92.89
Current investments			
Investments at fair value through profit and loss			
Investments in mutual funds (quoted)			
Investments in mutual funds	1,750.82	1,113.21	1,324.33
Total current investments	1,750.82	1,113.21	1,324.33
Aggregate book value of quoted investments	1,750.82	1,113.21	1,324.33
Aggregate market value of quoted investments	1,750.82	1,113.21	1,324.33
Aggregate value of unquoted investments	361.57	170.13	92.89

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

	Software	Patent	Total
Aggregate amount of impairment in value of investments	6.33	-	-
Investments carried at cost	294.91	130.05	88.95
Investments carried at fair value through profit or loss	1,750.82	1,113.21	1,324.33
Investments carried at fair value through other comprehensive income	66.66	40.08	3.94

9. Loans and security deposits

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Loans and security deposits (unsecured, considered good) (at amortised cost)			
Current			
Security deposits	5.35	32.81	8.32
Loan to staff	0.03	1.06	1.78
Loans (unsecured, considered good) (at fair value through profit and loss)			
Current			
Loan to Wegilant Net Solutions Private Limited	-	35.00	-
Total current	5.38	68.87	10.10
Loans and security deposits (unsecured, considered good) (at amortised cost)			
Non - current			
Security deposits	4.50	1.19	0.43
Loan to staff	-	0.33	0.21
Total non - current	4.50	1.52	0.64

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.

Loans are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

In the current year, the Company has identified an impairment of ₹ 35.00 (March 31, 2016: Nil; April 1, 2015: Nil) on loan to Wegilant Net Solutions Private Limited. The impairment on FVTPL financial assets has been recognised as an exceptional item in the statement of profit and loss.

10. Other financial assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Interest accrued			
on bank balance	8.73	11.42	0.15
on loan to Wegilant Net Solutions Private Limited	-	2.80	-
Share issue expenses recoverable (refer note 40)	-	4.51	-
Total current	8.73	18.73	0.15
Non - current			
Bank balances			
Deposits with remaining maturity of more than twelve months	1.83	2.00	1.24
Advance to subsidiaries (refer note 46 and 47(d))	0.24	3.29	3.58
Total non - current	2.07	5.29	4.82
Other financial assets carried at amortised cost	10.80	24.02	4.97
Other financial assets carried at fair value through profit or loss	-	-	-
Other financial assets carried at fair value through other comprehensive income	-	-	-

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

Out of the total deposits, ₹ Nil (March 31, 2016: ₹ 0.45; April 1, 2015: ₹ 1.30) are pledged against bank guarantees. In the current year, the Company has identified an impairment of ₹ 2.80 (March 31, 2016: Nil; April 1, 2015: Nil) on interest accrued on loan to Wegilant Net Solutions Private Limited. The impairment on FVTPL financial assets has been recognised as an exceptional item in the statement of profit and loss.

11. Inventories

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At lower of cost and net realisable value			
Raw materials - Security software devices [includes in transit of ₹ 0.13 (March 31, 2016: ₹ 0.25; April 1, 2015: ₹ 0.11)]	32.38	23.02	28.71
Finished goods - Security softwares [includes in transit of ₹ 0.27 (March 31, 2016: ₹ 0.04; April 1, 2015: ₹ 4.95)]	39.84	30.66	40.91
Total	72.22	53.68	69.62

12. Trade receivables

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade receivables	939.91	891.31	610.12
Receivable from related party (refer note 46)	9.99	77.80	44.46
Total	949.90	969.11	654.58

Break-up for security details:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade receivables			
Secured, considered good	-	-	-
Unsecured, considered good	949.90	969.11	654.58
Doubtful	221.28	214.76	211.40
Total	1,171.18	1,183.87	865.98
Impairment allowed (allowed for bad and doubtful debts)			
Unsecured, considered good	-	-	-
Doubtful	(221.28)	(214.76)	(211.40)
	(221.28)	(214.76)	(211.40)
Total	949.90	969.11	654.58

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 90 days.

13. Cash and cash equivalents

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with banks:			
On current account	94.16	341.81	70.57
On EEFC account	8.93	1.49	0.37
Unpaid dividend account	0.08	-	-
Deposits with original maturity of less than three months	397.50	750.00	-
Cheques on hand	-	12.00	-
Cash on hand	0.49	1.92	1.14
Total	501.16	1,107.22	72.08

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

(a). Other bank balances

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Bank balances			
Deposits with remaining maturity of less than twelve months	1,501.16	1,523.30	1.35
Total	1,501.16	1,523.30	1.35

Out of the total deposits, ₹ 1.64 (March 31, 2016: ₹ 23.04; April 1, 2015: Nil) are pledged against bank guarantees.

14. Other assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current (unsecured, considered good)			
Prepaid expenses	20.28	16.70	24.76
Balances with government authorities	2.38	0.46	2.79
Advance to suppliers	9.54	3.16	13.80
Advance to employees	1.02	1.98	1.45
Other assets	0.63	0.74	1.89
Total current	33.85	23.04	44.69
Non - current (unsecured, considered good)			
Advance income tax (net of current tax liabilities)	198.67	170.55	168.64
Interest accrued on income tax refund	20.31	-	-
Prepaid expenses	1.26	-	-
Capital advances	24.55	6.97	3.43
Non - current (unsecured, considered doubtful)			
Advance to suppliers	6.38	6.38	6.38
Provision for doubtful advances	(6.38)	(6.38)	(6.38)
Total non - current	244.79	177.52	172.07
Total current	33.85	23.04	44.69
Total non - current	244.79	177.52	172.07

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance to employee includes (refer note 46)			
Dues from officers	-	1.08	0.19
Total	-	1.08	0.19

15. Equity share capital

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorized shares			
75,000,000 (March 31, 2016: 75,000,000; April 1, 2015: 75,000,000) equity shares of ₹ 10 each	750.00	750.00	750.00
	750.00	750.00	750.00
Issued, subscribed and fully paid-up shares			
70,102,205 (March 31, 2016: 70,030,028; April 1, 2015: 61,069,688) equity shares of ₹ 10 each	701.02	700.30	610.70
Total issued, subscribed and fully paid-up share capital	701.02	700.30	610.70

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

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

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Nos.	₹	Nos.	₹	Nos.	₹
At the beginning of the year	70,030,028	700.30	61,069,688	610.70	61,069,688	610.70
Issued during the year						
- Employee stock option plan (ESOP)	72,177	0.72	1,172,179	11.72	-	-
- Initial public offer (IPO) #	-	-	7,788,161	77.88	-	-
Outstanding at the end of the year	70,102,205	701.02	70,030,028	700.30	61,069,688	610.70

On February 18, 2016, the Company completed the initial public offer (IPO) through an offer of 14,057,719 equity shares of face value of ₹ 10 each for cash at a price of ₹ 321 per equity share (including a share premium of ₹ 311 per equity share) consisting of a fresh issue of up to 7,788,161 equity shares (the "Fresh Issue") and an offer for sale of 6,269,558 equity shares by Kailash Katkar, Sanjay Katkar, Sequoia Capital India Investment Holdings III and Sequoia Capital India Investments III (collectively, the "Selling Shareholders").

(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.

The Board of Directors, in their meeting on August 17, 2015 declared an interim dividend of ₹ 6.60 per equity share for the year ended March 31, 2015, which resulted in cash outflow of ₹ 485.11 inclusive of dividend distribution tax. The amount was recognized as distributions to equity shareholders during the year ended March 31, 2016.

The Board of Directors, in their meeting on May 11, 2016, proposed a final dividend of ₹ 2.50 per equity share and the same was approved by the shareholders at the Annual General Meeting held on August 5, 2016. The amount was recognized as distributions to equity shareholders during the year ended March 31, 2017 and the total appropriation was ₹ 210.73 including dividend distribution tax.

The Board of Directors, in their meeting on May 12, 2017, have proposed a final dividend of ₹ 2.5 per equity share for the financial year ended March 31, 2017. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held and if approved would result in a cash outflow of approximately ₹ 210.94 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 proportion to the number of equity shares held by shareholders.

(c) Shares held by holding/ ultimate holding company and /or their subsidiaries/ associates
None.**(d) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date**

	As at March 31, 2017 Nos.	As at March 31, 2016 Nos.	As at April 1, 2015 Nos.
Equity shares allotted as fully paid up bonus shares by utilisation of securities premium and surplus in statement of profit and loss during the financial year ended March 31, 2014	53,435,977	53,435,977	53,435,977
Equity shares allotted under scheme of amalgamation during the financial year ended March 31, 2012*	11,588	11,588	11,588

* Refer note on Amalgamation reserve in note 16.

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

(e) Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Nos.	% holding	Nos.	% holding	Nos.	% holding
Equity shares of INR 10 each fully paid-up						
Kailash Katkar	20,511,384	29.26%	20,511,384	29.29%	22,351,384	36.60%
Sanjay Katkar	20,511,384	29.26%	20,511,384	29.29%	22,351,384	36.60%
Anupama Katkar	5,003,976	7.14%	5,003,976	7.15%	5,003,976	8.19%
Chhaya Katkar	5,003,976	7.14%	5,003,976	7.15%	5,003,976	8.19%
Sequoia Capital India Investment Holdings III	3,665,410	5.23%	3,665,410	5.23%	3,752,984	6.15%

The shareholding information has been extracted from the records of the Company including register of shareholders/ members and is based on legal ownership of shares.

(f) Shares reserved for issue under option

For details of shares reserved for issue under ESOP of the Company, please refer note 32.

16. Other equity

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Retained earnings	3,299.40	2,917.32	2,778.93
	3,299.40	2,917.32	2,778.93
Other reserves			
ESOP account	15.00	10.08	6.52
FVTOCI reserve	0.97	4.42	(0.21)
Total	15.97	14.50	6.31

	As at March 31, 2017	As at March 31, 2016
(a) Retained earnings		
Balance as at the beginning of the year	2,917.32	2,778.93
Add: Amount transferred from surplus balance in the statement of profit and loss	592.81	623.50
Less: Appropriations		
Final equity dividend [amount per share ₹ 2.50 (March 31, 2016: Nil)]	175.09	-
Tax on final dividend	35.64	-
Interim equity dividend [amount per share Nil (March 31, 2015: ₹ 6.60*)]	-	403.06
Tax on interim dividend	-	82.05
Balance as at end of the year	3,299.40	2,917.32
* Represents interim equity dividend related to financial year 2014-2015 declared by the Board of Directors in their meeting held on August 17, 2015.		
(b) Securities premium account		
Balance as at the beginning of the year	2,291.14	-
Add: Additions on ESOPs exercised	5.11	40.65
Add: Additions on fresh issue of equity shares	-	2,422.12
Add: Transferred from ESOP account	1.11	0.81
Less: Share issue expenses (refer note 40)	-	(172.44)
Balance as at end of the year	2,297.36	2,291.14
(c) ESOP account		
Balance as at the beginning of the year	10.08	6.52
Add: Additions during the year	6.03	4.37
Less: Transfer to securities premium on exercise of stock options	(1.11)	(0.81)
Balance as at end of the year	15.00	10.08

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

	As at March 31, 2017	As at March 31, 2016
(d) 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
(e) 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
(f) FVTOCI reserve		
Balance as at the beginning of the year	4.42	(0.21)
Add: Additions during the year	(3.45)	4.63
Balance as at end of the year	0.97	4.42

Securities premium account

Increase during the financial year 2015-16 is due to issuance of ordinary equity shares through initial public offer (refer Note 15(a)) and issuance of ordinary equity shares exercised under employee stock option scheme. Further it has been adjusted on account of share issue expenses.

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.

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.

Distribution made and proposed to be made	Year ended March 31, 2017	Year ended March 31, 2016
Cash dividends on equity shares declared and paid:		
Final cash dividend for the year ended on March 31, 2016: ₹ 2.50 per share (March 31, 2015: Nil)	175.09	-
Dividend distribution tax on proposed dividend	35.64	-
Interim dividend for the year ended on March 31, 2015: ₹ 6.60 per share	-	403.06
Dividend distribution tax on interim dividend	-	82.05
Proposed dividend on equity shares:		
Final cash dividend for the year ended on March 31, 2017: ₹ 2.50 per share (March 31, 2016: ₹ 2.50 per share)	175.26	175.09
Dividend distribution tax on proposed dividend	35.68	35.64

17. Trade and other payables

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Total outstanding dues to micro enterprises and small enterprises (refer note 34)	-	-	-
Total outstanding dues to others	406.02	506.07	347.20
Total	406.02	506.07	347.20

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

18. Other financial liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Other financial liabilities at amortised cost			
Payables for purchases of fixed assets	13.08	10.25	11.45
Unpaid dividend	0.08	-	-
Total	13.16	10.25	11.45
Total current	13.16	10.25	11.45
Total non - current	-	-	-

19. Other liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advances from customers	1.83	2.40	3.54
Deferred revenue	69.77	66.65	24.76
Tax deducted at source payable	24.86	44.48	30.30
Sales tax payable	34.00	41.16	25.33
Other liabilities (includes provident fund and other taxes)	5.33	5.02	3.96
Provision for wealth tax	-	-	0.08
Total	135.79	159.71	87.97
Total current	135.79	159.71	87.97
Total non - current	-	-	-

Terms and conditions of the above financial and other liabilities:

- Trade payables are non-interest bearing and are normally settled on 60 days terms.
- Payables for purchases of fixed assets are non interest bearing and have an average term of 90 days.
- Other liabilities (other than taxes) are non interest bearing and have an average term of 45 days.
- Taxes such as tax deducted at source and sales tax payable, provident fund and other taxes are non interest bearing and are generally paid within the due date.

20. Net employee defined benefit liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits			
Current			
Provision for gratuity (refer note 31)	5.00	5.00	5.00
Provision for leave benefits	9.42	9.79	14.81
Total	14.42	14.79	19.81
Non - current			
Provision for gratuity (refer note 31)	22.73	18.34	11.69
Total	22.73	18.34	11.69
Total current	14.42	14.79	19.81
Total non - current	22.73	18.34	11.69

21. Current tax liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current tax liabilities (net of advance tax)	122.48	165.79	-
Total	122.48	165.79	-

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

22. Revenue from operations (net)

	Year ended March 31, 2017	Year ended March 31, 2016
Sale of security software products	2,983.59	2,984.34
Sale of software support services	6.63	0.56
Total	2,990.22	2,984.90

	Year ended March 31, 2017	Year ended March 31, 2016
Details of products sold		
Security software licenses	2,949.87	2,956.18
Security software devices - Unified Threat Management (UTM)	33.72	28.16
Total	2,983.59	2,984.34

23. Finance income

	Year ended March 31, 2017	Year ended March 31, 2016
Interest income on		
Bank deposits	157.23	12.64
Income tax refund	28.07	-
Others	0.08	2.98
Dividend income on current investments	58.82	47.83
Net gain on sale of current investments	-	1.96
Total	244.20	65.41

24. Other income

	Year ended March 31, 2017	Year ended March 31, 2016
Profit on sale of fixed assets (net)	0.46	-
Foreign exchange gains (net)	-	3.02
Fair value gain on financial instruments at fair value through profit and loss *	22.18	18.36
Bad debts written back	0.15	-
Miscellaneous income	10.77	7.67
Total	33.56	29.05

* 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, 2017	Year ended March 31, 2016
(a) Cost of materials consumed		
Inventory at the beginning of the year	23.02	28.71
Add: Purchases	23.38	7.10
Less: Inventory as at end of the year	32.38	23.02
Sub-total	14.02	12.79
(b) Purchase of security software products		
Security software products	126.99	120.55
Sub-total	126.99	120.55
(c) (Increase)/decrease in security software products		
Inventory at the beginning of the year	30.66	40.91
Less: Inventory as at end of the year	39.84	30.66
Sub-total	(9.18)	10.25
Total	131.83	143.59

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

Details of raw materials consumed

	Year ended March 31, 2017	Year ended March 31, 2016
Security software devices - Unified Threat Management (UTM)	14.02	12.79
	14.02	12.79

Details of inventory

	As at March 31, 2017	As at March 31, 2016
Raw materials		
Security software devices - Unified Threat Management (UTM)	32.38	23.02
	32.38	23.02
Finished goods		
Security software products	39.84	30.66
	39.84	30.66

26. Employee benefits expense

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, wages and bonus	915.63	771.63
Contribution to provident fund and other funds	30.25	27.63
Gratuity expenses (refer note 31)	14.73	11.38
Staff welfare expenses	20.98	20.24
Employee share based payment expenses (refer note 32)	6.03	4.37
Total	987.62	835.25

27. Depreciation and amortisation expense

	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation on property, plant and equipment (refer note 6)	223.08	190.74
Amortization of intangible assets (refer note 7)	85.59	46.04
Total	308.67	236.78

28. Other expenses

	As at March 31, 2017	As at March 31, 2016
Web publishing expenses	73.05	90.34
Technology subscription charges	56.95	53.77
Fees for technical services	100.08	111.00
Power and fuel	37.79	32.86
Rent (refer note 33(a))	24.56	27.03
Rates and taxes	12.74	9.21
Insurance	5.25	12.43
Repairs and maintenance		
Buildings	14.61	12.62
Others	22.78	14.23
Corporate Social Responsibility (CSR) expenditure (refer note 44)	14.00	10.64
Commission to independent directors (refer note 46)	2.35	1.60
Directors' sitting fees	1.02	0.27
Business promotion expenses	32.26	64.40

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

	As at March 31, 2017	As at March 31, 2016
Advertisement and sales promotion	171.36	253.93
Freight and forwarding charges	5.02	6.34
Travelling and conveyance	47.83	41.73
Communication costs	57.33	50.79
Office expenses	55.21	51.41
Donations	0.49	0.38
Legal and professional fees	131.05	68.26
Payment to statutory auditor (refer details below)	4.76	4.77
Foreign exchange loss (net)	0.47	-
Fixed assets written off	3.65	-
Provision for doubtful debts and advances	6.53	3.36
Loss on sale of fixed assets (net)	-	0.02
Net loss on sale of current investments	0.59	-
Bad debts written off	-	2.11
Miscellaneous expenses	16.58	14.57
Total	898.31	938.07

Payment to auditor (excluding service tax)

	Year ended March 31, 2017	Year ended March 31, 2016*
As auditor:		
Audit fees	1.20	2.20
Limited review	3.00	-
Others (including certification fees)	0.42	2.51
Reimbursement of expenses	0.14	0.06
Total	4.76	4.77

* net of IPO fees adjusted against securities premium account

29. Income tax

The major components of income tax expense for the years ended March 31, 2017 and March 31, 2016 are:

Statement of profit and loss section

	March 31, 2017	March 31, 2016
Current income tax:		
Current income tax charge	317.56	324.61
Adjustment in respect of current tax of previous years	(1.72)	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(10.11)	(22.72)
Income tax expense reported in the statement of profit and loss	305.73	301.89
OCI Section		
Deferred tax related to items recognised in OCI during the year		
Net loss/(gain) on actuarial gains and losses	0.58	(0.15)
Net loss/(gain) on FVTOCI investments	0.03	1.51
Income tax charged to OCI	0.61	1.36

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

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended

	March 31, 2017	March 31, 2016
Accounting profit before tax	897.42	925.67
At India's statutory income tax rate of 34.608% (March 31, 2016: 34.608%)	310.58	320.36
Unrealised loss on mutual fund	15.74	0.25
CSR expenditure	4.85	3.68
Dividend income	(20.36)	(16.55)
Tax in respect of earlier years	(1.72)	-
Deferred tax on investment at different rates	1.46	0.97
Others	(2.37)	(1.65)
Long - term capital gain on sale of investments in mutual fund	(4.14)	(6.16)
Fair value for employee stock options	1.69	0.99
At the effective income tax rate of 34.608% [March 31, 2016: 34.608%]	305.73	301.89
Income tax expense reported in the statement of profit and loss	305.73	301.89

Deferred tax relates to the following:

	Balance sheet		Statement of profit and loss		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016
Accelerated depreciation for tax purposes	(35.68)	(38.68)	(38.36)	(3.00)	0.32
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	30.49	24.11	12.84	(6.38)	(11.27)
Provision for doubtful debts and advances	78.79	76.53	74.02	(2.26)	(2.51)
Deferred revenue	19.96	19.13	8.57	(0.83)	(10.56)
Investment in mutual fund	(4.29)	(1.93)	(0.63)	2.36	1.30
Investment in Smartalyse Technologies Private Limited	(1.54)	(1.51)	-	0.03	1.51
Deferred tax on gratuity expense, recycled from profit and loss to other comprehensive income	(0.43)	0.15	-	0.58	(0.15)
Net deferred tax expense / (income)	-	-	-	(9.50)	(21.36)
Net deferred tax assets / (liabilities)	87.30	77.80	56.44	-	-

Reflected in the balance sheet as follows:

	March 31, 2017	March 31, 2016	April 1, 2015
Deferred tax liabilities	(41.51)	(42.12)	(38.99)
Deferred tax assets	128.81	119.92	95.43
Deferred tax assets, net	87.30	77.80	56.44

Reconciliation of deferred tax assets, net

	March 31, 2017	March 31, 2016
Opening balance as of April 1	77.80	56.44
Tax (income) during the period recognised in statement of profit and loss	(10.11)	(22.72)
Tax expense during the period recognised in OCI	0.61	1.36
Closing balance	87.30	77.80

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.

(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 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, 2017	Year ended March 31, 2016
Net profit after tax attributable to equity shareholders of the Company	(A)	591.69	623.78
Weighted average number of equity shares in calculating basic EPS	(B)	70,054,699	62,347,488
Effect of dilution:			
Stock options granted under ESOP (in numbers)	(C)	410,529	131,210
Weighted average number of equity shares adjusted for the effect of dilution*	D=(B+C)	70,465,228	62,478,698
Basic and diluted earnings per share of face value of ₹ 10 each (in ₹)	(A/B)	8.45	10.00
Diluted earnings per share of face value of ₹ 10 each (in ₹)	(A/D)	8.40	9.98

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, 2017	Year ended March 31, 2016
Statement of profit and loss:		
Current service cost	13.28	10.27
Past service cost	-	-
Net interest income / (expense)	1.45	1.11
Curtailment gain / (loss)	-	-
Settlement gain / (loss)	-	-
Net benefit expense recognised in the statement of profit and loss	14.73	11.38
Amount recorded in other comprehensive income:		
Measurement during the period due to:	-	-
Actuarial gain / (loss) arising from change in financial assumptions on plan assets	(0.19)	(0.27)
Actuarial gain / (loss) arising on account of experience changes on plan assets	0.42	(0.01)
Actuarial gain / (loss) arising on account of experience changes on plan liabilities	(2.83)	-
Actuarial gain / (loss) arising on account of financial assumptions on plan liabilities	4.30	(0.15)
Total amount recognised in OCI	1.70	(0.43)

* 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.

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

	As at March 31, 2017	As at March 31, 2016
Reconciliation of net (liability) / asset:		
Opening net defined benefit (liability) / asset	(23.34)	(16.69)
Expense charged to statement of profit and loss	(14.73)	(11.38)
Amount recognised in OCI	1.70	(0.43)
Employer contribution	9.39	5.16
Mortality charges and taxes	(0.75)	-
Closing net defined benefit (liability)	(27.73)	(23.34)
Changes in the present value of the defined benefit obligation (DBO) are as follows:		
Opening DBO	(47.32)	(35.53)
Interest cost	(3.57)	(2.74)
Current service cost	(13.28)	(10.27)
Past service cost	-	-
Benefits paid	3.04	1.37
Remeasurement during the period due to:		
Actuarial gain / (loss) arising on account of experience changes on plan liabilities	(2.83)	-
Actuarial (loss) / gain arising from change in demographic assumptions	-	-
Actuarial gain / (loss) arising on account of experience changes	4.30	(0.15)
Closing defined benefit (obligation) / asset recognised in balance sheet	(59.66)	(47.32)

	As at March 31, 2017	As at March 31, 2016
Changes in the fair value of plan assets:		
Opening fair value of plan assets	23.98	18.84
Interest income	2.12	1.63
Contributions by employer	9.39	5.16
Mortality charges and taxes	(0.75)	-
Benefits paid	(3.04)	(1.37)
Actuarial gain / (loss) arising from change in financial assumptions on plan assets	(0.19)	(0.27)
Actuarial gain / (loss) arising on account of experience changes on plan assets	0.42	(0.01)
Closing fair value of plan assets	31.93	23.98
Actual return on plan assets	2.35	1.34
Net defined benefit liability		
DBO	(59.66)	(47.32)
Fair value of plan assets	31.93	23.98
Closing net defined benefit liability	(27.73)	(23.34)
Net liability is bifurcated as follows:		
Current*	(5.00)	(5.00)
Non - current	(22.73)	(18.34)

* The Company expects to contribute ₹ 5.00 (March 31, 2016: ₹ 5.00) to gratuity in the next year.

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

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2017	As at March 31, 2016
(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:

	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate	7.00%	7.80%	7.80%
Employee turnover	15.00%	15.00%	15.00%
Expected rate of increment in compensation levels			
- First two years	12.00%	12.00%	12.00%
- Thereafter	9.00%	9.00%	9.00%

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, 2017 and March 31, 2016 is shown below:

	Sensitivity level	Defined benefit obligation	
		As at March 31, 2017	As at March 31, 2016
Discount rate	1% increase	56.20	50.15
	1% decrease	63.64	44.45
Future salary increase	1% increase	62.44	45.16
	1% decrease	57.14	49.26
Withdrawal rate	1% increase	59.50	47.31
	1% decrease	59.93	47.29

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, 2017	As at March 31, 2016
Within the next 12 months (next annual reporting period)	5.52	4.17
Between 2 and 5 years	35.71	28.90
Beyond 5 years	71.49	65.14
Total expected payments	112.72	98.21

Weighted average duration of defined benefit plan obligation (based on discounted cash flows):

	As at March 31, 2017	As at March 31, 2016
Weighted average duration of defined benefit plan obligation	9 years	9.19 years

(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, 2017		Year ended March 31, 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	345,993	69.91	1,467,016	47.69
Granted during the year	-	-	-	-
Forfeited during the year	25,018	103.24	13,320	37.50
Exercised during the year	33,858	45.53	1,107,703	40.88
Expired during the year	-	-	-	-
Outstanding at the end of the year	287,117	69.89	345,993	69.91
Exercisable at the end of the year	215,117	58.13	202,493	-

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

The details of exercise price for stock options outstanding at the end of the year are:

	As at March 31, 2017	As at March 31, 2016
Exercise price	37.50 – 110.00	37.50 – 110.00
Number of options outstanding (numbers)	287,117	345,993
Weighted average remaining contractual life of options (in years)	2.85	5.52
Weighted average exercise price	69.89	69.91

The weighted average share price at the date of exercise of these options, as at March 31, 2017 was ₹ 263.45.

The weighted average share price at the date of exercise of these options, as at March 31, 2016 was ₹ 40.88.

Share based payment arrangement 2014

On February 6, 2014, the board of directors approved the Equity Settled ESOP Scheme 2014 for issue of stock options to the employees and directors of the Company. According to the ESOP 2014, the employee selected by the Board of Directors from time to time will be entitled for scheme options, subject to satisfaction of the prescribed vesting conditions, viz., continued employment and performance parameters of employee. The contractual life (comprising the vesting period and the exercise period) of options and the other relevant terms of the grant are as below:

The Company has provided following share-based payment schemes to its employees

Particulars	Details
Date of grant	February 6, 2014
Date of board approval	February 6, 2014
Date of shareholder's approval	February 6, 2014
Method of settlement	Equity
Vesting period	4 years
Exercise period	5 years from date of vesting
Expected life (in years)	
Grant IV	3.64 – 6.50
Grant V	3.50 – 6.50
Grant VI	3.50 – 6.50
Grant VII	3.50 – 6.50
Grant VIII	3.50 – 6.50
Grant IX	3.50 – 6.50
Grant X	3.64 - 6.64
Fair value of shares on date of grant	₹ 115.24 - ₹ 119.00
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%

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

The details of activities under the scheme have been summarized below:

	Year ended March 31, 2017		Year ended March 31, 2016	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	481,325	112.16	369,900	110.00
Granted during the year	183,000	237.40	210,000	115.22
Forfeited during the year	59,459	112.00	34,099	111.69
Exercised during the year	38,319	112.00	64,476	110.00
Expired during the year	-	-	-	-
Outstanding at the end of the year	566,547	152.64	481,325	112.16
Exercisable at the end of the year	98,597	111.32	19,650	-

The details of exercise price for stock options outstanding at the end of the year are:

	As at March 31, 2017	As at March 31, 2016
Exercise price (₹)	110.00 – 237.40	110.00 – 119.00
Number of options outstanding	566,547	481,325
Weighted average remaining contractual life of options (in years)	5.93	6.71
Weighted average exercise price (₹)	152.64	112.16

For share options exercised during the reporting period, the weighted average share price at the date of exercise, or if options were exercised on a regular basis throughout the reporting period, the entity may instead disclose the weighted average share price during the reporting period.

The weighted average share price at the date of exercise of these options, as at March 31, 2017 was ₹ 250.59.

The weighted average share price at the date of exercise of these options, as at March 31, 2016 was ₹ 110.00.

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 ₹ 82.59 (March 31, 2016: ₹ 27.13). The Black and Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	As at March 31, 2017	As at March 31, 2016
Weighted average share price (₹)	249.63	115.22
Exercise price (₹)	237.40	110.00 – 119.00
Expected volatility (%)	29%	0%
Historical volatility (%)	0%	0%
Life of the options granted (vesting and exercise period) (in years)	3.64 – 6.64 years	3.50 – 6.50 years
Average risk-free interest rate (%)	6.61%	7.67%
Dividend yield	1.05%	6.41%

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, 2017	Year ended March 31, 2016
Expense arising from equity settled share based payment transaction	6.03	4.37

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

33. Commitments and contingencies

a. Operating lease - Company as a lessee

The Company has obtained office premises under operating lease agreements out of which there is a lease agreement for an office premise for 6 years with a lock-in period of 3 years. These are generally cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by lease agreements. There are no subleases. The details are as follows:

The lease rentals charged during the year is as under:

	Year ended March 31, 2017	Year ended March 31, 2016
Lease rentals recognised during the period	24.56	27.03

Future minimum rentals payable under non-cancellable operating lease:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Within one year	1.80	1.80	-
After one year but not more than five years	1.05	2.84	-
More than five years	-	-	-
Total	2.85	4.64	-

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, 2017	As at March 31, 2016	As at April 1, 2015
Capital commitments:			
Estimated amount of contracts remaining to be executed on capital account and not provided, net of advances	122.86	21.61	201.58
Other commitments:			
Commitments in relation to investment in Smartalyse Technologies Private Limited (refer note A)	-	30.00	-

Note A

During the year ended March 31, 2016, the Company had entered into an agreement for making an investment of ₹ 60 in equity shares of Smartalyse Technologies Private Limited ("Smartalyse") by way of two tranches of ₹ 30 each. The Company had already made an investment of ₹ 30 in Smartalyse which has been disclosed under 'Non-current investment'. The second tranche of investment will be made within a period of 9 months from the date of execution of the agreement (i.e. November 3, 2015) upon satisfaction of certain terms and conditions as enunciated in the agreement. Subsequently, during the year ended March 31, 2017, the Company has made the second tranche of an investment of ₹ 30 in Smartalyse.

Note B

The Company has provided letters committing continuing financial support to its subsidiaries; Quick Heal Technologies Japan K.K., Quick Heal Technologies Africa Limited, Quick Heal Technologies America Inc., Quick Heal Technologies (MENA) FZE and Seqrite Technologies DMCC to meet their day to day obligations / commitments; to the extent these entities may be unable to meet their obligations.

c. Contingent liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Claims against the Company not acknowledged as debts			
Service tax [Note (i)]	560.71	560.71	627.31
Service tax [Note (ii)]	285.35	285.35	-
Kerala Value added tax [Note (iii)]	0.15	0.15	0.15
Income tax [Note (iv)]	-	3.50	3.50
Total	846.21	849.71	630.96

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

- i) During the year ended March 31, 2016, the Company had received a statement of demand dated January 28, 2016 in relation to service tax for ₹ 560.71 (excluding penalty of ₹ 560.72) for the period from March 01, 2011 to March 31, 2014 on anti-virus software in Compact Disk issued by Additional Director General, New Delhi. The Company had filed an appeal with the Customs, Excise and Service Tax Appellate Tribunal against the said order. The management has represented, based on legal opinion obtained by the Company, that they have sufficient and strong arguments on fact as well as on point of law and outflow is not probable. Accordingly, no provision for liability has been recognised in the financial statements and the demand has been disclosed as contingent liability as at March 31, 2017, March 31, 2016 and April 1, 2015.
- ii) During the year ended March 31, 2016, the Company had received statement of demand dated January 25, 2016, in relation to the Service tax of ₹ 285.35 (excluding interest and penalties) for the period April 2014 to March 2015 on supply of anti-virus replicated CDs/DVDs along with license keys through dealers/distributors to end customers in India issued by Principal Commissioner of Service tax, Pune. During the year ended March 31, 2017, the Company has received an order dated March 31, 2017 confirming the demand of ₹ 285.35 (excluding penalty of ₹ 28.55). The Company is in the process of filing a reply against the said notice with appropriate authority. The management has represented, based on legal opinion obtained by the Company, that they have sufficient and strong arguments on fact as well as on point of law and outflow is not probable. Accordingly, no provision for liability has been recognised in the financial statements and the demand has been disclosed as contingent liability as at March 31, 2017, March 31, 2016 and April 1, 2015.

Based on the grounds mentioned in point (i) and (ii) above, the Company has not recognised provision for liability in the financial statements in relation to the potential consequential liability for service tax for the period April 1, 2015 to March 31, 2017."

- iii) During the year ended March 31, 2015, the Company had received a notice of demand of VAT in the state of Kerala for ₹ 0.15 (VAT ₹ 0.13; Interest ₹ 0.02 and excluding penalty) on the ground of dispute in the stock transfer of anti-virus products transferred to the Branch. The Company had appealed the same before the first level appellate authority and the management had represented that they have sufficient and strong arguments on facts as well as on point of law and outflow is not probable. Accordingly, no provision for liability has been recorded in the financial statements and the demand has been disclosed as contingent liability as at March 31, 2017, March 31, 2016 and April 1, 2015.
- iv. This represented disputed income tax demand of ₹ 3.50 (including interest of ₹ 0.36 and excluding penalty) under section 156 of the Income-tax Act, 1961 related to A.Y. 2010-11. The Company had filed appeals against assessment order with relevant authorities and have received favourable order.

d. Other litigations

- i) During the current year, the suit filed before the Civil Judge (Senior Division) at Serampore Court, Hooghly District, West Bengal by one of the erstwhile distributor of the Company 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 and the suit filed before the City Civil Court, Calcutta by certain individuals who are relative of the erstwhile distributor claiming ownership of certain shares of the Company have been dismissed by the respective Courts.
- ii) In February 2016, one of the erstwhile distributor instituted a suit at 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. With respect to the above matters, the Company believes that the suits are frivolous and is seeking dismissal of the suits. The Company also believes that they have sufficient and strong arguments on facts as well as on point of law and accordingly no provision in this regard has been recognised in the financial results.
- iii) The Director of one of the erstwhile vendor had filed a First information Report (FIR) in June 2014 at Baddi Police Station, Himachal Pradesh, against certain directors and employees of the Company. The police investigated the case and came to the conclusion that there was no truth to the allegations in the FIR. The director of one of the erstwhile vendor subsequently filed a writ petition before the Himachal Pradesh High Court against the State of Himachal Pradesh and others against the said finding of the police.

34. Details of dues to micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)

There are no amounts as at March 31, 2017 (March 31, 2016: Nil) that need to be disclosed pertaining to Micro and Small Enterprises under MSMED Act, 2006. As at March 31, 2017 and March 31, 2016, the disclosure has been made on the basis of intimation provided by the supplier to the Company.

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

35. Value of imports calculated on CIF basis

	Year ended March 31, 2017	Year ended March 31, 2016
Purchase of raw materials - Security software devices	21.28	-
Total	21.28	-

36. Expenditure in foreign currency (accrual basis)

	Year ended March 31, 2017	Year ended March 31, 2016
Business promotion expenses	0.91	-
Advertisement and sales promotion	-	1.01
Technology subscription charges	44.44	45.30
Fees for technical services	49.34	34.12
Travelling and conveyance	2.82	2.30
Legal and professional fees	-	0.38
Web publishing expenses	33.06	4.09
Miscellaneous expenses	-	0.16
Total	130.57	87.36

37. Earnings in foreign currency (accrual basis)

	Year ended March 31, 2017	Year ended March 31, 2016
Sale of software security products	83.23	58.98
Total	83.23	58.98

38. Net dividend remitted in foreign exchange:

	Year ended March 31, 2017	Year ended March 31, 2016
Period to which it relates	2015-16	2014-15
Number of non- resident shareholders	177	1
Number of equity shares on which dividend was due	182,221	2,501,984
Amount remitted (in USD) *	-	0.25
Amount remitted (in ₹)	-	16.51

* amount during the year ended March 31, 2017 remitted in Indian Rupees.

39. Disclosure required under section 186(4) of the Companies Act, 2013

Included in loans is an intercorporate deposit, the particulars of which are disclosed below:

Name of the loanee	Rate of interest	Due date	Secured/unsecured	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Wegilant Net Solutions Private Limited	14% p.a.	12 months from date of loan given	Unsecured	-	35.00	-

The loan given to Wegilant Net Solutions Private Limited had been utilized for meeting their working capital requirements and for their business operations.

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

40. Share issue expenses recoverable

During the year ended March 31, 2016, the Company had completed its Initial Public Offer (IPO) through an Offer for Sale of 6,269,558 equity shares and a fresh issue of 7,788,161 equity shares at a price of ₹ 321 per share (including share premium of ₹ 311 per equity share). Sequoia Capital India Investments III, which was holding 2,501,984 equity shares in the Company offered its entire holding in the Offer for Sale. Sequoia Capital India Investment Holdings III offered 87,574 equity shares, Mr. Kailash Katkar, and Sanjay Katkar offered 1,840,000 equity shares and 1,840,000 equity shares, respectively in the Offer for Sale in order to comply with SEBI's requirement of maximum holding of promoter and promoter group to 75%. Since the issue was an Offer for Sale and a fresh issue, all the share issue expenses related to the IPO have been proportionately distributed between the Company and the selling shareholders.

Share issue expenses

Other financial assets comprises share issue expenses incurred in connection with proposed Initial Public offer (IPO) only by way of offer for sale by existing shareholders of the Company and a fresh issue offered to public. These receivables includes fees paid to bankers, stock exchanges, SEBI, lawyers, auditors, etc., in connection with the IPO of the Company. As per offer agreement between the Company and the selling shareholders, all expenses with respect to the IPO have been proportionately distributed between the Company and the selling shareholders. Accordingly, the Company has classified the expenses incurred in connection with the IPO as receivable from selling shareholders under other receivables, since these are not the expenses for the Company.

41. 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, 2017 and March 31, 2016 against the following objects of the Offer is as follows:

	Fund allocated to the activities as per prospectus	Actual utilisation upto March 31, 2017	Unutilised money as on March 31, 2017	Actual utilisation upto March 31, 2016	Unutilised money as on March 31, 2016
Advertising and sales promotion	1,110.00	88.76	1,021.24	-	1,110.00
Capital expenditure on research and development	418.80	232.22	186.58	5.79	413.01
Purchase, development and renovation of office premises in Kolkata, Pune and New Delhi	275.95	57.29	218.66	19.56	256.39
General corporate purposes	537.76	80.12	457.64	-	537.76
Total	2,342.51	458.39	1,884.12	25.35	2,317.16

42. Utilisation of IPO proceeds

	As at March 31, 2017	As at March 31, 2016
Proceeds from IPO *	-	4,512.53
Less: Paid to selling shareholders	-	2,012.53
Sub-total (A)	-	2,500.00
Share issue expenses (accrual basis)	-	297.51
Less: Recoverable from selling shareholders	-	125.07
Sub-total (B)	-	172.44
Net proceeds (A-B)	-	2,327.56

*The allotment of shares was completed on February 16, 2016. The proceeds from IPO were pending utilization as at March 31, 2017 and March 31, 2016.

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

43. Details of investments made from unutilized portion of public issue raised during the year ended:

	As at March 31, 2017	As at March 31, 2016
Investments in fixed deposits of banks	1,897.50	2,250.00
Balance in current accounts	0.47	67.16
Total *	1,897.97	2,317.16

* includes in March 31, 2017: ₹ 13.85 (March 31, 2016: Nil) spent by the Company from bank accounts other than the IPO account.

44. Corporate Social Responsibility expenditure

	Year ended March 31, 2017	Year ended March 31, 2016
(a) Gross amount required to be spent by the Company during the year	18.79	20.00

	Year ended March 31, 2017			Year ended March 31, 2016		
(b) Amount spent during the year	Paid	Yet to be paid	Total	Paid	Yet to be paid	Total
1. For the purpose of education and social activity	14.00	-	14.00	10.64	-	10.64

45. Particulars of unhedged foreign currency exposures as at the balance sheet date

	Foreign currency	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		In foreign currency	In Indian Rupees	In foreign currency	In Indian Rupees	In foreign currency	In Indian Rupees
Bank balances	USD	0.14	8.93	0.02	1.49	0.01	0.37
Cash balances	EUR	-	-	0.00	0.30	-	-
	USD	0.00	0.07	0.00	0.09	-	-
	AUD	0.00	0.00	0.00	0.05	0.00	0.05
	JPY	0.15	0.09	0.08	0.04	0.01	0.00
Trade receivables	USD	0.35	22.69	0.36	23.88	0.37	22.96
	JPY	2.62	1.52	36.59	21.52	27.40	14.32
	AED	0.11	1.92	0.70	12.54	0.33	5.67
	KES	7.04	4.34	50.09	32.12	22.34	14.83
Trade payables	AUD	0.01	0.56	0.00	0.24	0.00	0.15
	USD	0.00	0.21	0.00	0.18	0.02	0.98
Investment	JPY	180.00	108.35	90.35	52.35	42.60	26.33
	AED	3.10	53.94	2.80	48.32	2.80	48.32
	USD	0.92	62.15	0.26	16.74	0.03	1.66
	KES	113.68	76.80	17.80	12.64	17.80	12.64
Advances receivable / (payable)	USD	0.34	24.11	0.00	0.01	-	-
Advances to subsidiaries	USD	0.00	0.13	0.00	0.10	0.00	0.02
	JPY	-	-	0.57	0.33	0.57	0.30
	AED	0.00	0.01	0.12	2.18	0.14	2.41
	KES	-	-	1.06	0.68	1.28	0.85
Advances receivable from Key management personnel	AED	0.01	0.12	0.00	0.08	-	-
	JPY	0.01	0.00	0.10	0.06	-	-

* 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.

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

46. Related party transaction

List of related parties as per the requirements of Ind-AS 24 - Related Party Disclosures

Related parties where control exists	
Wholly owned subsidiaries	Quick Heal Technologies America Inc., USA
	Quick Heal Technologies Japan K.K., Japan
	Quick Heal Technologies Africa Limited, Kenya
	Quick Heal Technologies (MENA) FZE, UAE
	Seqrite Technologies DMCC, UAE
Related parties with whom transactions have taken place during the year	
Key management personnel	Kailash Katkar, Joint Managing Director and Chief Executive Officer
	Sanjay Katkar, Joint Managing Director and Chief Technical Officer
	Abhijit Jorvekar, Executive Director and Vice President Sales and Marketing
	Rajesh Ghonasgi, Chief Financial Officer
	Vijay Shirode, Company Secretary
	Vijay Mhaskar, Chief Operating Officer
	Pradeep Bhide, Independent Director
	Sunil Sethy, Independent Director
	Mehul Savla, Independent Director
	Apurva Joshi, Independent Director
	Shailesh Lakhani, Non-Executive Director
Relatives of key management personnel	Anupama Katkar (wife of Kailash Katkar)
	Chhaya Katkar (wife of Sanjay Katkar)
Enterprises owned by directors or major shareholders	Kailash Sahebrao Katkar HUF
	Sanjay Sahebrao Katkar HUF
	Quick Heal Foundation

Transactions with related parties and year end balances:

Nature of transaction	Name of the related party	Year ended March 31, 2017	Year ended March 31, 2016
Compensation paid to Key Management Personnel	Kailash Katkar	12.49	11.44
	Sanjay Katkar	12.49	11.44
	Abhijit Jorvekar	7.27	11.92
	Anupama Katkar	3.52	2.78
	Rajesh Ghonasgi	12.54	14.78
	Vijay Mhaskar	5.19	-
	Vijay Shirode	1.14	1.82
Sub-total		54.64	54.18
Directors' sitting fee	Pradeep Bhide	0.26	0.04
	Sunil Sethy	0.30	0.08
	Mehul Savla	0.19	0.03
	Apurva Joshi	0.27	0.12
Sub-total		1.02	0.27
Commission	Pradeep Bhide	0.80	0.50
	Sunil Sethy	0.80	0.60
	Mehul Savla	0.50	0.25
	Apurva Joshi	0.25	0.25
Sub-total		2.35	1.60
		58.01	56.05

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

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Short-term employee benefits (compensation)	54.64	54.18
Post - employment gratuity benefits	0.35	(0.09)
Leave benefits	0.03	0.00
Share-based payment transactions	0.32	0.32
Total compensation to key management personnel	55.34	54.41

* 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, 2017 Number outstanding	March 31, 2016 Number outstanding	April 1, 2015 Number outstanding
February 6, 2014	-	96.25	26,000	52,000	78,000
September 6, 2014	-	110.00	5,000	7,500	10,000
September 24, 2015	-	110.00	2,625	3,500	-

* 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, 2017	Year ended March 31, 2016
Rent	Kailash Katkar	0.96	0.96
	Anupama Katkar	0.27	0.25
	Chhaya Katkar	0.27	0.25
	Kailash Sahebrao Katkar HUF	0.90	0.82
	Sanjay Sahebrao Katkar HUF	0.90	0.82
		3.30	3.10
CSR contribution	Quick Heal Foundation	14.00	10.64
		14.00	10.64
Sale of security software products	Quick Heal Technologies America Inc.	1.98	1.05
	Quick Heal Technologies Japan K.K	5.01	5.27
	Quick Heal Technologies (MENA) FZE	7.85	6.66
	Quick Heal Technologies Africa Limited	13.59	17.77
		28.43	30.75
Investments	Quick Heal Technologies Japan K.K	56.00	26.02
	Quick Heal Technologies (MENA) FZE	-	-
	Quick Heal Technologies Africa Limited	64.16	-
	Seqrite Technologies DMCC	5.62	-
	Quick Heal Technologies America Inc.	45.41	15.08
		171.19	41.10
IPO expenses incurred on behalf of directors	Kailash Katkar	-	37.24
	Sanjay Katkar	-	37.24
		-	74.48

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

Nature of transaction	Name of the related party	Year ended March 31, 2017	Year ended March 31, 2016
Final equity dividend declared and paid for the financial year ended March 31, 2016	Kailash Katkar	51.28	-
	Sanjay Katkar	51.28	-
	Anupama Katkar	12.51	-
	Chhaya Katkar	12.51	-
	Rajesh Ghonasgi	0.07	-
		127.65	-
Interim dividend declared and paid for the financial year ended March 31, 2015	Kailash Katkar	-	147.52
	Sanjay Katkar	-	147.52
	Anupama Katkar	-	33.03
	Chhaya Katkar	-	33.03
		-	361.10

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables, except for the commitments as disclosed in note 33(b)(B). For the year ended March 31, 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2016: ₹ Nil, April 1, 2015: ₹ 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, 2017	As at March 31, 2016	As at April 1, 2015
Remuneration payable	Kailash Katkar	-	0.56	1.45
	Sanjay Katkar	-	0.57	1.45
	Abhijit Jorvekar	-	0.35	0.31
	Anupama Katkar	-	0.17	0.39
	Rajesh Ghonasgi	-	0.43	0.45
	Vijay Shirode	-	0.08	0.07
		-	2.16	4.12
Rent payable	Anupama Katkar	-	0.01	0.02
	Chhaya Katkar	-	0.01	0.02
	Kailash Sahebrao Katkar HUF	-	0.02	0.06
	Sanjay Sahebrao Katkar HUF	-	0.02	0.06
		-	0.06	0.16
Trade receivables	Quick Heal Technologies America Inc.	1.92	3.96	2.74
	Quick Heal Technologies Japan K.K	1.52	26.05	18.32
	Quick Heal Technologies (MENA) FZE	2.21	13.24	6.27
	Quick Heal Technologies Africa Limited	4.34	34.55	17.13
		9.99	77.80	44.46

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

Nature of transaction	Name of the related party	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advances receivable from subsidiaries	Quick Heal Technologies Japan K.K	-	0.33	0.30
	Quick Heal Technologies (MENA) FZE	0.01	2.18	2.41
	Quick Heal Technologies America Inc.	0.13	0.10	0.02
	Seqrite Technologies DMCC *	0.10	-	-
	Quick Heal Technologies Africa Limited	-	0.68	0.85
		0.24	3.29	3.58
	Advance receivable from key management personnel	-	0.37	-
	Sanjay Katkar	-	0.23	-
	Abhijit Jorvekar	-	0.32	0.19
	Rajesh Ghonasgi	-	0.16	-
		-	1.08	0.19
Share issue expenses recoverable	Kailash Katkar	-	1.31	-
	Sanjay Katkar	-	1.31	-
		-	2.62	-
Commission payable	Pradeep Bhide	0.80	0.50	-
	Sunil Sethy	0.80	0.60	-
	Mehul Savla	0.50	0.25	-
	Apurva Joshi	0.25	0.25	-
		2.35	1.60	-

* amount is receivable in ₹

47 (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.

(b). Disclosure for Specified Bank Notes

Disclosure of details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 has been provided in the table below:

	SBNs	Other denomination notes*	Total
Closing cash in hand as on November 8, 2016	0.36	0.25	0.61
(+) Permitted receipts	-	2.78	2.78
(-) Permitted payments	0.04	2.37	2.41
(-) Amount deposited in banks	0.32	-	0.32
Closing cash in hand as on December 30, 2016	-	0.66	0.66

* Permitted receipts and payments of other denomination notes disclosed above should not be construed as permitted receipts and permitted payments as permitted by RBI from time to time pursuant to the introduction of the demonetisation scheme by the Government vide RBI circular - RBI/2016-17/112 dated November 8, 2016. These are general receipts and payments of other denomination notes. It does not include details in relation to foreign currency notes.

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

(c). Delay in filing of Form FC-GPR

During the previous year there was an un-intentional delay in reporting of foreign inward remittances and filing of form FC-GPR in respect of the shares allotted to non- resident shareholders in the Form FC – GPR as required under the FDI Regulations of FEMA 1999, which was due to delay in receipt of foreign inward remittance certificates from the authorised dealers (AD). The said Form FC-GPR had been submitted for filing by the Company to AD.

**(d). Loans and advances given to subsidiaries and associates and firms / companies in which directors are interested
Advances given to wholly owned subsidiary**

	Quick Heal Technologies Japan K.K.	Quick Heal Technologies America Inc.	Quick Heal Technologies Africa Limited	Quick Heal Technologies (MENA) FZE	Seqrite Technologies DMCC
Balance as at March 31, 2017	-	0.13	-	0.01	0.10
Maximum amount outstanding during the financial year 2016-17	0.40	0.13	0.72	2.23	0.15
Balance as at March 31, 2016	0.33	0.10	0.68	2.18	-
Maximum amount outstanding during the financial year 2015-16	0.34	0.10	0.85	2.73	-

(e). Exceptional items

Exceptional items includes ₹ 37.80 (March 31, 2016: ₹ Nil) towards impairment of financial assets being loan to and interest receivable from Wegilant Net Solutions Private Limited. It also includes impairment of investment in Quick Heal Technologies (MENA) FZE, UAE amounting to ₹ 6.33 (March 31, 2016: ₹ Nil).

48. Fair values

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments as of March 31, 2017:

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit and loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Investments	-	1,750.82	66.66	1,817.48	1,817.48
Loans and security deposits	9.88	-	-	9.88	9.88
Trade and other receivables	949.90	-	-	949.90	949.90
Cash and cash equivalents	501.16	-	-	501.16	501.16
Other bank balances	1,501.16	-	-	1,501.16	1,501.16
Other financial assets	10.80	-	-	10.80	10.80
Total	2,972.90	1,750.82	66.66	4,790.38	4,790.38
Financial liabilities					
Trade and other payables	406.02	-	-	406.02	406.02
Other financial liabilities	13.16	-	-	13.16	13.16
Total	419.18	-	-	419.18	419.18

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

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments as of March 31, 2016:

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit and loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Investments	-	1,113.21	40.08	1,153.29	1,153.29
Loans and security deposits	35.39	35.00	-	70.39	70.39
Trade and other receivables	969.11	-	-	969.11	969.11
Cash and cash equivalents	1,107.22	-	-	1,107.22	1,107.22
Other bank balances	1,523.30	-	-	1,523.30	1,523.30
Other financial assets	24.02	-	-	24.02	24.02
Total	3,659.04	1,148.21	40.08	4,847.33	4,847.33
Financial liabilities					
Trade and other payables	506.07	-	-	506.07	506.07
Other financial liabilities	10.25	-	-	10.25	10.25
Total	516.32	-	-	516.32	516.32

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments as of April 1, 2015:

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit and loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Investments	-	1,324.33	3.94	1,328.27	1,328.27
Loans	10.74	-	-	10.74	10.74
Trade and other receivables	654.58	-	-	654.58	654.58
Cash and cash equivalents	72.08	-	-	72.08	72.08
Other bank balances	1.35	-	-	1.35	1.35
Other financial assets	4.97	-	-	4.97	4.97
Total	743.72	1,324.33	3.94	2,071.99	2,071.99
Financial liabilities					
Trade and other payables	347.20	-	-	347.20	347.20
Other financial liabilities	11.45	-	-	11.45	11.45
Total	358.65	-	-	358.65	358.65

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:

- 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.
- The fair values of the unquoted equity shares, compulsory convertible preference shares have been estimated using a discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

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

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, 2017 and March 31, 2016 are as shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Compulsory Convertible Preference Shares in Wegilent Net Solutions Private Limited	Discounted cash flow method	Weighted average cost of equity	March 31, 2016: 30%	1% increase in the WACC would decrease the fair value by ₹ 0.39 and 1% decrease would increase the fair value by ₹ 0.42.
		Long-term growth rate for cash flows	March 31, 2016: 5%	1% increase in the growth would increase the fair value by ₹ 0.15 and 1% decrease would decrease the fair value by ₹ 0.14.
		Long-term operating margin	March 31, 2016: -53.55% to 76.43%	15% increase in the margin would increase the fair value by ₹ 1.24 and 15% decrease would decrease the fair value by ₹ 1.24.
Unquoted equity shares in Smartalyse Technologies Private Limited	Discounted cash flow method	Weighted average cost of equity	March 31, 2017: 19% to 21%	1% increase in the WACC would decrease the fair value by ₹ 1.05 and 1% decrease would increase the fair value by ₹ 1.22.
		Long-term growth rate for cash flows	March 31, 2017: 5% to 7%	1% increase in the growth would increase the fair value by ₹ 0.73 and 1% decrease would decrease the fair value by ₹ 0.63
		Long-term operating margin	March 31, 2017: 11.58% to 41.58%	15% increase in the margin would increase the fair value by ₹ 5.77 and 15% decrease would decrease the fair value by ₹ 5.77.

Reconciliation of fair value measurement of financial assets classified as FVTOCI:

Particulars	Compulsory Convertible Preference Shares	Unquoted equity shares
As at April 1, 2015	3.94	-
Remeasurement recognised in OCI	(0.39)	6.53
Purchases	-	30.00
Sales	-	-
As at March 31, 2016	3.55	36.53
Remeasurement recognised in OCI	(3.55)	0.13
Purchases	-	30.00
Sales	-	-
As at March 31, 2017	-	66.66

49. 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)

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

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, 2017, March 31, 2016 and April 1, 2015.

Quantitative disclosures fair value measurement hierarchy for assets:

	Date of valuation	Fair value measurement using			
		Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through OCI					
Unquoted equity instruments in Smartalyse Technologies Private Limited					
As at March 31, 2017	March 31, 2017	66.66	-	-	66.66
As at March 31, 2016	March 31, 2016	36.53	-	-	36.53
As at April 1, 2015	March 31, 2016	-	-	-	-
Unquoted Compulsory Convertible Preference Share in Wegilant Net Solutions Private Limited					
As at March 31, 2017	March 31, 2017	-	-	-	-
As at March 31, 2016	March 31, 2016	3.55	-	-	3.55
As at April 1, 2015	March 31, 2016	3.94	-	-	3.94
Financial assets measured at fair value through profit and loss					
Mutual fund investments					
Fair value through profit or loss investments					
As at March 31, 2017	March 31, 2017	1,750.82	1,750.82	-	-
As at March 31, 2016	March 31, 2016	1,113.21	1,113.21	-	-
As at April 1, 2015	March 31, 2016	1,324.33	1,324.33	-	-

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

50. Financial instruments risk management objectives and policies

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include investments, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company does not have borrowings and derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include deposits, investments, receivables, payables, advances and other financial instruments. From the perspective of the Company, foreign currency risk is the most significant risk and the impact of interest rate risk and other price risk is not significant. The Company is not exposed to any material price risk.

The Company has certain financial assets and financial liabilities in foreign currencies which expose the Company to foreign currency risks. The foreign currency exposure of the Company has been disclosed in Note 45 to the financial statements.

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.

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

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, 2017	USD	1.48	4%	4.45	4.45
			-4%	(4.45)	(4.45)
	AED	3.25	4%	2.22	2.22
			-4%	(2.22)	(2.22)
	JPY	182.77	7%	8.49	8.49
			-7%	(8.49)	(8.49)
	KES	120.71	1%	0.71	0.71
			-1%	(0.71)	(0.71)
	MDL	0.00	7%	0.01	0.01
			-7%	(0.01)	(0.01)
March 31, 2016	USD	0.65	5%	2.05	2.05
			-5%	(2.05)	(2.05)
	EUR	0.00	6%	0.02	0.02
			-6%	(0.02)	(0.02)
	AED	3.63	5%	3.11	3.11
			-5%	(3.11)	(3.11)
	AUD	0.01	9%	0.03	0.03
			-9%	(0.03)	(0.03)
	JPY	127.68	4%	2.98	2.98
			-4%	(2.98)	(2.98)
	KES	68.95	5%	2.06	2.06
			-5%	(2.06)	(2.06)

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company follows simplified approach for recognition of impairment loss allowance on Trade receivable.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made with banks in terms of fixed deposits and investment in designated mutual funds. Investment decision in mutual fund is taken with the assistance from appointed agent. Credit risk on cash deposits is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Other investments primarily include investment in liquid mutual fund units of reputed companies where historically, the Company has not incurred any loss due to credit risk.

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

(c) Liquidity risk

The Company had no outstanding bank borrowings as of March 31, 2017, March 31, 2016 and April 1, 2015. The working capital as at March 31, 2017 was ₹ 4,131.35 (March 31, 2016: ₹ 4,020.55; April 1, 2015: ₹ 1,710.47) including cash and cash equivalents.

As at March 31, 2017, March 31, 2016 and April 1, 2015, the outstanding employee obligations were ₹ 37.15, ₹ 33.13 and ₹ 31.50 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, 2017					
Trade payables	-	47.76	10.15	1.18	59.09
Other payables	-	346.93	-	-	346.93
Any other financial liabilities	-	13.16	-	-	13.16
Total	-	407.85	10.15	1.18	419.18
As at March 31, 2016					
Trade payables	-	122.03	3.72	2.00	127.75
Other payables	-	378.32	-	-	378.32
Any other financial liabilities	-	10.25	-	-	10.25
Total	-	510.60	3.72	2.00	516.32
As at April 1, 2015					
Trade payables	-	70.08	-	0.37	70.45
Other payables	-	276.75	-	-	276.75
Any other financial liabilities	-	11.45	-	-	11.45
Total	-	358.28	-	0.37	358.65

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, 2017 is ₹ 6,790.52 (March 31, 2016: ₹ 6,399.97 and April 1, 2015: ₹ 3,872.65).

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2017, March 31, 2016 and April 1, 2015.

51. First time adoption of Ind AS

As stated in note 2, these are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet as at April 1, 2015 (the Company's date of transition).

These financial statements, for the year ended March 31, 2017, are the first financial statement which Company has prepared in accordance with Ind AS. In preparing these financial statements, Company's opening statement of financial position was prepared as at April 1, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

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

In preparing its opening Ind AS balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Indian GAAP. An explanation of how the transition from Indian GAAP to Ind AS has affected the Company's financial position, financial performance and cash flow is set out below.

In preparing its opening Ind AS balance sheet, the Company has applied the following principles for assets, liabilities and equity forming part of the combined financial statements:

- Recognise all assets and liabilities whose recognition is required by Ind ASs;
- Not recognise items as assets and liabilities if Ind ASs do not permit such recognition;
- Reclassify items that it recognised in accordance with previous GAAP as one type of asset, liability or component of equity, but are a different type of asset, liability or component of equity in accordance with IndAS; and apply Ind ASs in measuring all recognised assets and liabilities.

Exemptions available under Ind AS 101

In preparing these financial statements, the Company has availed itself of certain exemptions and exceptions in accordance with Ind AS 101 as explained below:

1. Since there is no change in functional currency, the Company has elected to continue with the carrying value for all of its Property, plant and equipment and Intangible assets as recognised in its Indian GAAP financial statements as deemed cost at the date of transition.
2. Ind AS 102 Share-based Payment has not been applied to equity instruments in share-based payment transactions that vested before April 1, 2015.
3. The Company has elected to continue use the Indian GAAP carrying amount for investment in subsidiaries as deemed cost as at the date of transition.

Exceptions from full retrospective application:

Estimates

The estimates at April 1, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

FVTOCI – unquoted equity shares

FVTPL – debt securities

Impairment of financial assets based on expected credit loss model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2015, the date of transition to Ind AS and as of March 31, 2016.

Explanation of transition to Ind AS:

The below mentioned reconciliations provide a quantification of the effect of significant differences arising from the transition from Indian GAAP to Ind AS in accordance with Ind AS 101 for the following:

- equity as at April 1, 2015;
- equity as at March 31, 2016; and
- profit for the year ended March 31, 2016

There are no material adjustments to the cash flow statements

In the reconciliations mentioned above, certain reclassifications have been made to Indian GAAP financial information to align with the Ind AS presentation.

Reconciliation of equity as at April 1, 2015:

Particulars	Indian GAAP	Adjustments	Ind AS
ASSETS			
Non-current assets			
(a) Property, plant and equipment	1,001.08	-	1,001.08
(b) Capital work-in-progress	737.39	-	737.39
(c) Intangible assets	108.54	-	108.54

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

Particulars	Indian GAAP	Adjustments	Ind AS
(d) Financial assets			
(i) Investments in subsidiaries	88.95	-	88.95
(ii) Investments in others (refer note 1 below)	4.15	(0.21)	3.94
(iii) Loans and security deposits	0.64	-	0.64
(iv) Other financial assets	4.82	-	4.82
(e) Deferred tax assets (net) (refer note 5 below)	48.50	7.94	56.44
(f) Other non-current assets	172.07	-	172.07
	2,166.14	7.73	2,173.87
Current assets			
(a) Inventories	69.62	-	69.62
(b) Financial assets			
(i) Investments (refer note 2 below)	1,296.08	28.25	1,324.33
(ii) Trade and other receivables (refer note 9 below)	676.58	(22.00)	654.58
(iii) Cash and cash equivalents	72.08	-	72.08
(iv) Bank balances other than (iii) above	1.35	-	1.35
(v) Loans and security deposits	10.10	-	10.10
(vi) Interest accrued and share issue expenses recoverable	0.15	-	0.15
(c) Other current assets	44.69	-	44.69
	2,170.65	6.25	2,176.90
Total assets	4,336.79	13.98	4,350.77
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	610.70	-	610.70
(b) Other equity (refer note 6 below)			
(i) Retained earnings	2,287.53	491.40	2,778.93
(ii) Securities premium account	-	-	-
(iii) Amalgamation reserve	26.45	-	26.45
(iv) General reserve	450.26	-	450.26
(v) Other reserves (refer note 1 and 3 below)	1.37	4.94	6.31
Total equity	3,376.31	496.34	3,872.65
LIABILITIES			
Non-current liabilities	11.69	-	11.69
(a) Net employee defined benefit liabilities	11.69	-	11.69
Current liabilities			
(a) Financial liabilities			
(i) Trade payables (refer note 9 below)	369.20	(22.00)	347.20
(ii) Other financial liabilities (refer note 8 below)	414.51	(403.06)	11.45
(b) Other current liabilities (refer note 8 below)	145.27	(57.30)	87.97
(c) Net employee defined benefit liabilities	19.81	-	19.81
(d) Current tax liabilities (net)	-	-	-
	948.79	(482.36)	466.43
Total liabilities	960.48	(482.36)	478.12
Total equity and liabilities	4,336.79	13.98	4,350.77

Reconciliation of equity as at March 31, 2016:

Particulars	Indian GAAP	Adjustments	Ind AS
ASSETS			
Non-current assets			
(a) Property, plant and equipment	1,321.55	-	1,321.55
(b) Capital work-in-progress	550.21	-	550.21
(c) Intangible assets	93.74	-	93.74
(d) Financial assets		-	-
(i) Investments in subsidiaries	130.05	-	130.05

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

Particulars	Indian GAAP	Adjustments	Ind AS
(ii) Investments in others (refer note 1 below)	34.15	5.93	40.08
(iii) Loans and security deposits	1.52	-	1.52
(iv) Other financial assets	5.29	-	5.29
(e) Deferred tax assets (net) (refer note 5 below)	71.64	6.16	77.80
(f) Other non-current assets	177.52	-	177.52
	2,385.67	12.09	2,397.76
Current assets			
(a) Inventories	53.68	-	53.68
(b) Financial assets	-	-	-
(i) Investments (refer note 2 below)	1,083.97	29.24	1,113.21
(ii) Trade and other receivables (refer note 9 below)	991.11	(22.00)	969.11
(iii) Cash and cash equivalents	1,107.22	-	1,107.22
(iv) Bank balances other than (iii) above	1,523.30	-	1,523.30
(v) Loans and security deposits	68.87	-	68.87
(vi) Interest accrued and share issue expenses recoverable	18.73	-	18.73
(c) Other current assets	23.04	-	23.04
	4,869.92	7.24	4,877.16
Total assets	7,255.59	19.33	7,274.92
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	700.30	-	700.30
(b) Other equity (refer note 6 below)			
(i) Retained earnings	2,705.43	211.89	2,917.32
(ii) Securities premium account	2,291.14	-	2,291.14
(iii) Amalgamation reserve	26.45	-	26.45
(iv) General reserve	450.26	-	450.26
(v) Other reserves (refer note 1 and 3 below)	2.05	12.45	14.50
Total equity	6,175.63	224.34	6,399.97
LIABILITIES			
Non-current liabilities			
(a) Net employee defined benefit liabilities	18.34	-	18.34
	18.34	-	18.34
Current liabilities			
(a) Financial liabilities			
(i) Trade payables (refer note 9 below)	528.07	(22.00)	506.07
(ii) Other financial liabilities (refer note 8 below)	185.34	(175.09)	10.25
(b) Other current liabilities (refer note 8 below)	167.63	(7.92)	159.71
(c) Net employee defined benefit liabilities	14.79	-	14.79
(d) Current tax liabilities (net)	165.79	-	165.79
	1,061.62	(205.01)	856.61
Total liabilities	1,079.96	(205.01)	874.95
Total equity and liabilities	7,255.59	19.33	7,274.92

Reconciliation of total comprehensive income as at March 31, 2016:

Particulars	Indian GAAP	Adjustments	Ind AS
Income			
Revenue from operations (refer note 10 below)	3,344.67	(359.77)	2,984.90
Finance income	65.41	-	65.41
Other income	28.07	0.98	29.05
Total income	3,438.15	(358.79)	3,079.36
Expenses			
Cost of materials consumed	12.79	-	12.79

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

Particulars	Indian GAAP	Adjustments	Ind AS
Purchase of security software products	120.55	-	120.55
(Increase) / decrease in security software products	10.25	-	10.25
Employee benefits expense (refer note 3 and 4 below)	832.80	2.45	835.25
Depreciation and amortisation expense	236.78	-	236.78
Other expenses (refer note 10 below)	1,294.88	(356.81)	938.07
Total	2,508.05	(354.36)	2,153.69
Profit before and tax	930.10	(4.43)	925.67
Tax expense			
Current tax	324.61	-	324.61
Deferred tax (refer note 5 below)	(23.12)	0.40	(22.72)
Total tax expense	301.49	0.40	301.89
Profit for the year	628.61	(4.83)	623.78
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Re-measurement of defined benefit plans (refer note 4 below)	-	(0.43)	(0.43)
Income tax effect	-	0.15	0.15
	-	(0.28)	(0.28)
Net (loss) or gain on FVTOCI assets (refer note 1 below)	-	6.14	6.14
Income tax effect	-	(1.51)	(1.51)
	-	4.63	4.63
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	-	4.35	4.35
Total comprehensive income for the year	628.61	(0.48)	628.13

Footnotes to reconciliation of equity as at April 1, 2015 and March 31, 2016 and statement of profit or loss for the year ended March 31, 2016:

1) FVTOCI financial assets

Under Indian GAAP, the Company accounted for long term investments in unquoted equity shares and preference shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value. The difference between the instrument's fair value and Indian GAAP carrying amount has been recognised as a separate component of equity, in the FVTOCI reserve.

2) FVTPL financial assets

Under Indian GAAP, the Company accounted for investment in mutual funds as investment measured at lower of cost and market value. Under Ind AS, the Company has classified such investments as FVTPL investments. Ind AS requires FVTPL investments to be measured at fair value. The difference between the instrument's fair value and Indian GAAP carrying amount has been recognised in retained earnings, as at transition date and in statement of profit and loss for the year ended March 31, 2016.

3) Employee stock option

Under Indian GAAP, the Company recognised only the intrinsic value for the long-term incentive plan as an expense. Ind AS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. An additional expense of ₹ 2.44 million has been recognised in statement of profit and loss for the year ended March 31, 2016. Share options which were granted before and still vesting at April 1, 2015, have been recognised as a separate component of equity in ESOP reserve against retained earnings as at April 1, 2015.

4) Defined benefit obligation

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to statement of profit and loss. Under Ind-AS, remeasurements [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.

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

5) Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction in retained earnings as at transition date and statement of profit and loss for the year ended March 31, 2016.

6) Other equity

Consequential impact of the abovementioned Ind AS Adjustments have been considered in retained earnings and other comprehensive income.

7) Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

8) Other payables

Under Indian GAAP, proposed dividends including DDT are recognised as a liability in the year to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognised as a liability in the year in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid. In the case of the Company, the declaration of dividend occurs after year end. Therefore, the liability of ₹ 485.11 for the year ended on March 31, 2015 recorded for dividend has been derecognised against retained earnings on April 1, 2015. The proposed dividend for the year ended on March 31, 2016 of ₹ 210.73 recognized under Indian GAAP was reduced from other payables and with a corresponding impact in the retained earnings.

9) Trade payables and Trade receivables

Under Indian GAAP, sales incentive payable for one customer was disclosed under Trade payables whereas trade receivable from the same customer was disclosed under Trade receivables. Under Ind AS, these balances have been netted off.

10) Revenue from operation and other expenses

Under Indian GAAP, sales incentive and promotional expenses was disclosed under other expenses. Under Ind AS, these expenses have been netted off against revenue from operation.

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

As per our report of even date

For S R B C & CO LLP

Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Tridevial Khandelwal**

Partner
Membership Number: 501160

Place: Pune
Date: May 12, 2017

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 12, 2017

Rajesh Ghonasgi
Chief Financial Officer
Place: Pune
Date: May 12, 2017

Sanjay Katkar
Managing Director
& Chief Technical Officer
DIN: 00397277
Place: Pune
Date: May 12, 2017

Vijay Shirode
Company Secretary
Place: Pune
Date: May 12, 2017

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

Notes

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins or other markings on the paper.

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

Notes

This image shows a full page of blank, lined paper. It features approximately 20 evenly spaced horizontal gray lines across its entire width, providing a template for writing or drawing. The margins are consistent on all sides.

Quick Heal Technologies Limited

E-mail: cs@quickheal.co.in Website: www.quickheal.com

FORM NO. MGT-11

Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rule, 2014]

CIN : L72200MH1995PLC091408
 Name of the Company : Quick Heal Technologies Limited
 Registered Address : Marvel Edge, Office No. 7010 C & D 7th Floor, Viman Nagar, Pune - 411 014 Tel: (020)-66813232

Name of the Member(s): _____
 Registered Address: _____ Email Id: _____
 Folio No / Client ID: _____ DP ID: _____

I / We being the member(s) of _____ Equity Shares of Quick Heal Technologies Limited, hereby appoint:

1. Name : _____
 Address : _____
 Email ID : _____
 Signature : _____, or failing him / her _____
2. Name : _____
 Address : _____
 Email ID : _____
 Signature : _____, or failing him / her _____
3. Name : _____
 Address : _____
 Email ID : _____
 Signature : _____, or failing him / her _____

as my/ our proxy to attend and vote (on a poll) for me / us and on my/ our behalf at the 22nd Annual General Meeting of the Company, to be held on Friday, 11th August, 2017 at 11.00 AM at Ramee Grand Hotel & Spa, Plot. No. 587/3, CST No. 1221/C, Apte Road, Shivaji Nagar, Pune - 411 004, and at any adjournment thereof in respect of such resolutions as are indicated below:

- 1) Adoption of Audited Financial Statements as at 31st March, 2017 (Standalone and Consolidated) together with reports of Directors and Auditors thereon;
- 2) Declaration of dividend;
- 3) Appointment of a Director in place of Mr. Kailash Katkar (DIN: 00397191), who retires by rotation and being eligible, offers himself for re-appointment;
- 4) Ratification of Appointment of M/s SRBC & Co, LLP, Chartered Accountants, (Firm Registration No. 324982E) as the Statutory Auditors of the Company, as approved in the 19th Annual General Meeting until the conclusion of the 24th Annual General Meeting to be held in the calendar year 2019, to hold office till the conclusion of next Annual general Meeting and to fix their remuneration.
- 5) Ratification of fee payable to M/s Bhavesh Marolia & Associates, Cost Auditors of the Company for the Financial Year(s) 2017-18 and 2018-19;
- 6) Increase in Pool size of ESOP Scheme 2014;
- 7) Grant of increased Options to present or future employees of the Company, its Subsidiary or Holding Company.

Signed this _____ day of _____, 2017.

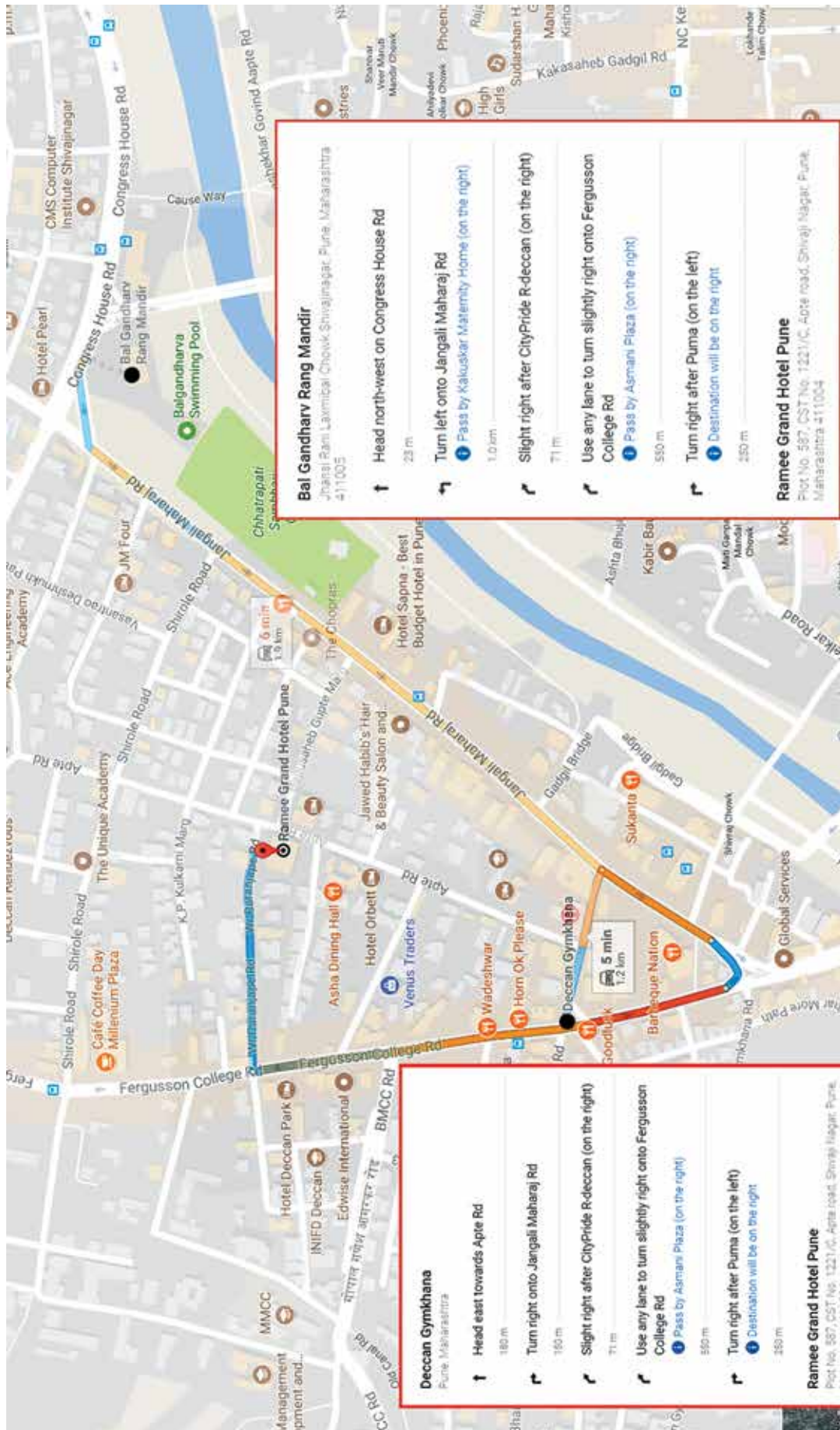
Signature of Share holder : _____

Signature of proxy Holder : _____

Affix
Revenue
Stamp

Note:

1. A proxy need not to be member of the Company, Pursuant to provisions of section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total share capital of the Company. Members holding more than ten percent of the total share capital of the Company may appoint a single person as proxy, who shall not act as proxy for another member.
2. This form of proxy in order to be effective should be duly completed and delivered to the registered office of the Company.



22nd Annual General Meeting
Friday, 11th August 2017
11.00 AM

Ramee Grand Hotel, Pune
Plot No. 587, CST No. 1221/C, Apte road, Shivaji Nagar,
Pune, Maharashtra 411004

Quick Heal Technologies Limited

Regd. Office:

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Pune 411014, Maharashtra, India. | Phone: +91 020 66 81 3232

Email: cs@quickheal.co.in

Web: www.quickheal.com



Quick Heal
Gadget Security