Quick Heal
Security Simplified

Quick Heal Technologies Ltd.
(Formerly Known as Quick Heal Technologies Pvt. Ltd.)
Regd. Office: Marvel Edge, Office No. 7010 C & D,
7th Floor, Viman Nagar, Pune 411014,
Tel.: +91 206681 3232 Email : info@quickheal.com
CIN - L72200MH1995PLC091408

Ref. No.: QHTL/Sec/SE/2018-19/32

21st August, 2018

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 2017-18

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 2017-18, enclosed herewith.

This is for your information and records.

For Quick Heal Technologies Limited

Raghav Mulay
Company Secretary

Encl: As Above

Quick Heal Technologies Limited (Formerly Known as Quick Heal Technologies Pvt. Ltd.) Pune

SECURING THE **DIGITAL WORLD** THROUGH INNOVATIVE SOLUTIONS

ANNUAL REPORT 2017-18

Quick Heal
Security Simplified

SEQRITE
EMPOWERING BUSINESSES WITH RIGHT IT SECURITY

Read between the pages

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Disclaimer

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

Financial Highlights 2017-18

6% ↑

Revenues from ₹3,000 Million in 2016-17 to ₹3,183 Million in 2017-18

33% ↑

EBIDTA from ₹901 Million in 2016-17 to ₹1,203 Million in 2017-18

56% ↑

PAT from ₹532 Million in 2016-17 to ₹830 Million in 2017-18

776 bps ↑

EBIDTA margins from 30.1% in 2016-17 to 37.8% in 2017-18

834 bps ↑

PAT margins from 17.7% in 2016-17 to 26.1% in 2017-18

2,120 bps ↑

Returns on Capital Employed from 13.5% in 2016-17 to 34.7% in 2017-18

Investor information

Market Capitalisation

₹ 1,869.51 Crores

as on March 31, 2018

NSE Symbol:

QUICKHEAL

BSE Code:

539678

Bloomberg Code:

QUICKHEA:IN

Shareholding structure:

72.50%

Promoter and Promoter Group

8.14%

Institution

19.36%

Public

Scan to view the report online:

Or visit: www.quickheal.co.in/investors/financial-information#annualResults

Over 20 years of securing the digital world through innovative solutions

An increasingly connected world makes life easier. Services are available at a click. Everything right from bank transactions, tax filings, shopping, government procedures to school enrolment is getting online today. With technology becoming a part of our daily lives, the way we live, interact and behave with our surroundings is drastically changing. Our fast-paced lives are getting exponentially dependant on digital services.

But, these comforts come with their own set of risks of exposing the personal and sensitive data to cyber criminals.

Businesses, Government and Individuals are constantly being exposed to potentially catastrophic cyber threats and vulnerabilities on various platforms in more ways than one, and, at an alarmingly rapid pace.

The rise in the number of advanced cyberattacks like Ransomware and Crpytojacking proves that cybercrime is getting worryingly challenging with every passing day. It is only imperative for every business and individual to be vigilant about the information shared and the data stored online. Today, cybersecurity and data protection have become the pressing need of the hour.

In line with our vision to secure the digital world, we, at Quick Heal Technologies Limited, develop innovative security and data protection solutions for individuals, businesses and government that empower them to secure their digital journey.

Today, cybersecurity and data protection have become the pressing need of the hour.

Quick Heal Technologies Limited - trusted by millions of customers

Established in 1995, Quick Heal Technologies Limited (Quick Heal Technologies or the Company) is amongst the leading IT Security products and solutions company. The Company provides innovative, most preferred and valued IT security solutions, services and knowledge. We aim at protecting information and interactions on various networks, devices and platforms globally while building a healthy business and organisation.

As a customer-centric, relationship-driven organisation, Quick Heal Technologies focuses on providing easily deployable and trustworthy IT security and data protection solutions for defending against advanced cyber-attacks. The Company's proprietary technology, high-quality, feature-rich products and solutions - offered under the brands Quick Heal and Seqrite - nurture the IT security requirements of Retail and Enterprise & Government segments respectively.

Our superior and user-friendly products, secure multiple software platforms - Windows, Mac, Android and Linux across multiple device platforms - Desktops, Laptops, Mobile, Tablets, serving multiple business segments – Home / SOHO, SMB, Enterprise & Government.

Quick Heal
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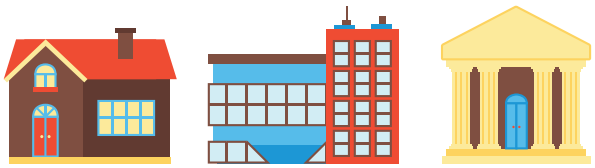
SEQRITE
EMPOWERING BUSINESSES WITH **RIGHT** IT SECURITY

Business Segments



Home and SOHO, SME, Government and Enterprise

Platforms

Laptop, Desktop, Notepad, Mobile and Server

1995
Year of inception

34%
Market share in retail segment

8.4 Million
Active licences

30,000
Enterprise customers

4
No. of patents in the US

Vision

To be the trusted Global Leader in securing the digital world

Mission

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

Securing Globally

40+

Presence across countries globally

Quick Heal Global Offices

01 INDIA (HO)
Quick Heal Technologies Limited

02 USA
Quick Heal Technologies America Inc

03 KENYA
Quick Heal Technologies Africa Limited

04 UAE
Quick Heal Technologies (MENA) FZE

05 JAPAN
Quick Heal Japan KK.

International Partner Locations

- Benin
- Ghana
- Gambia
- Kenya
- Malawi
- Togo
- Uganda
- South Africa
- Zambia
- Zimbabwe
- Bangladesh
- Japan
- Cambodia
- Korea
- Sri Lanka
- Myanmar
- Malaysia
- Nepal
- Philippines
- Vietnam
- Austria
- France
- Italy
- Netherlands
- Poland
- Australia
- United Arab Emirates
- Iran
- United States
- Venezuela

Success milestones over the last two decades

1995-98

- Incorporated as CAT Computer Services Private Limited
- Launched Quick Heal DOS version
- Launched Quick Heal Windows version

2002-04

- Commenced operations at first branch in Nashik
- Launched radio campaign

2006-07

- Renamed as Quick Heal Technologies Private Limited
- Set up technical support centre at Nashik

2008

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

2009-10

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

2011

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

2012-13

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

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 Private Limited, India

2015

- Launched Seqrite brand, encompassing security products for Business Enterprise customers
- Invested in Smartalyse Technologies Private Limited, India
- Inaugurated our first office in the US, Quick Heal Technologies America, Boston
- Launched Fonetastic for mobile security

2016

- Listed on BSE and NSE
- Received ISO:27001 and ISO:20000 certification
- Developed more product offerings across segments
- Crossed over 1 Million active licenses mark in Enterprise Segment
- Launched Quick Heal Academy and Seqrite Services

2017

- Collaborated with CERT-In for 'Cyber Swachhta Kendra'
- Launched 'Total Security Multi Device'
- Entered into a Technology Collaboration with Finnish Company Jetico to develop 'Endpoint Encryption solution

Securing the digital world through comprehensive solutions for individuals, businesses and government

Cyber threat landscape is constantly evolving, with cyber criminals getting more advanced and sophisticated. A prudent action with a comprehensive IT security solutions in place is therefore becoming growingly essential.

We, at Quick Heal Technologies, focus on innovating and offering advanced IT security and data protection solutions across business segments. We are deeply committed to delivering products that are aimed towards securing the systems and networks from external as well as internal threats.

Retail

81% contribution to total revenues

Quick Heal
Security Simplified

Caters largely to the home PCs and Desktop and mobile segment

Products

- Quick Heal Total Security
- Quick Heal Internet Security
- Quick Heal AntiVirus Pro
- Quick Heal Total Security for Mac
- Quick Heal AntiVirus for Server
- Quick Heal PCTuner 3.0
- Quick Heal Multi Device

Features

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

Mobile

Products

- Quick Heal Total Security for Android
- Quick Heal Antivirus for Mobile
- Quick Heal Mobile Security for Android
- Quick Heal Tablet Security for Android
- Fonetastic Pro
- Quick Boost for IOS

Features

- Background scan
- Security and privacy advisor
- SafePe
- Cloud backup
- Call and message filter
- Registered with TRAI
- Anti-theft technology
- Remote device management

Enterprise Solutions

19% contribution to total revenues

SEQRITE
EMPOWERING BUSINESSES WITH RIGHT IT SECURITY

Caters to small and medium businesses, enterprises and Government

Products

- Seqrite Endpoint Security (EPS)
- Seqrite Endpoint Security Cloud (EPSC)
- Seqrite Unified Threat Management (UTM)
- Seqrite Mobile Device Management (MDM)
- Seqrite Endpoint Encryption

Features

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

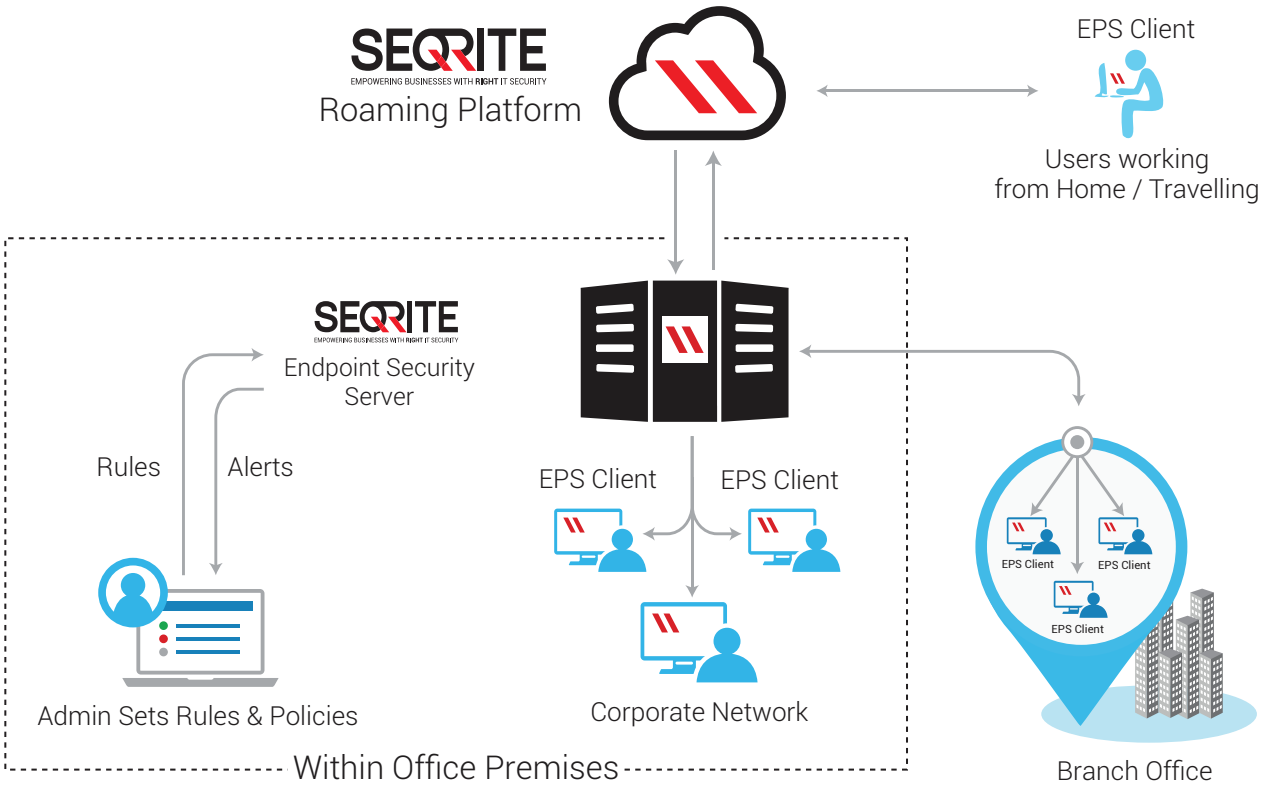
Seqrite Services

PRO-ACTIVE SERVICES
- Technical audit
- Security management
- Compliance audit
- Security consulting
- Red team audit

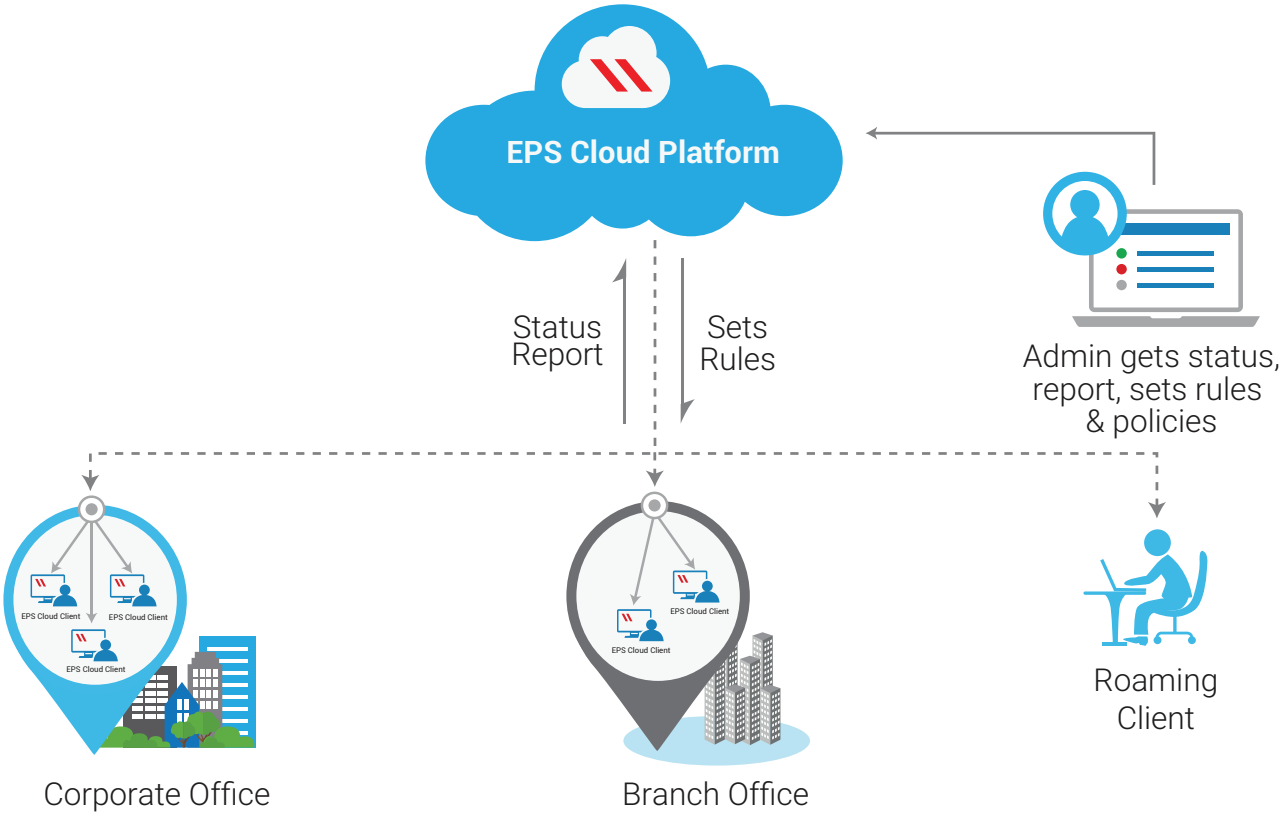
ACTIVE SERVICES
- Real-Time monitoring
- Security Operations Centre (SOC) operations

RE-ACTIVE SERVICES
- CERT as a service
- Digital forensics
- Incident response

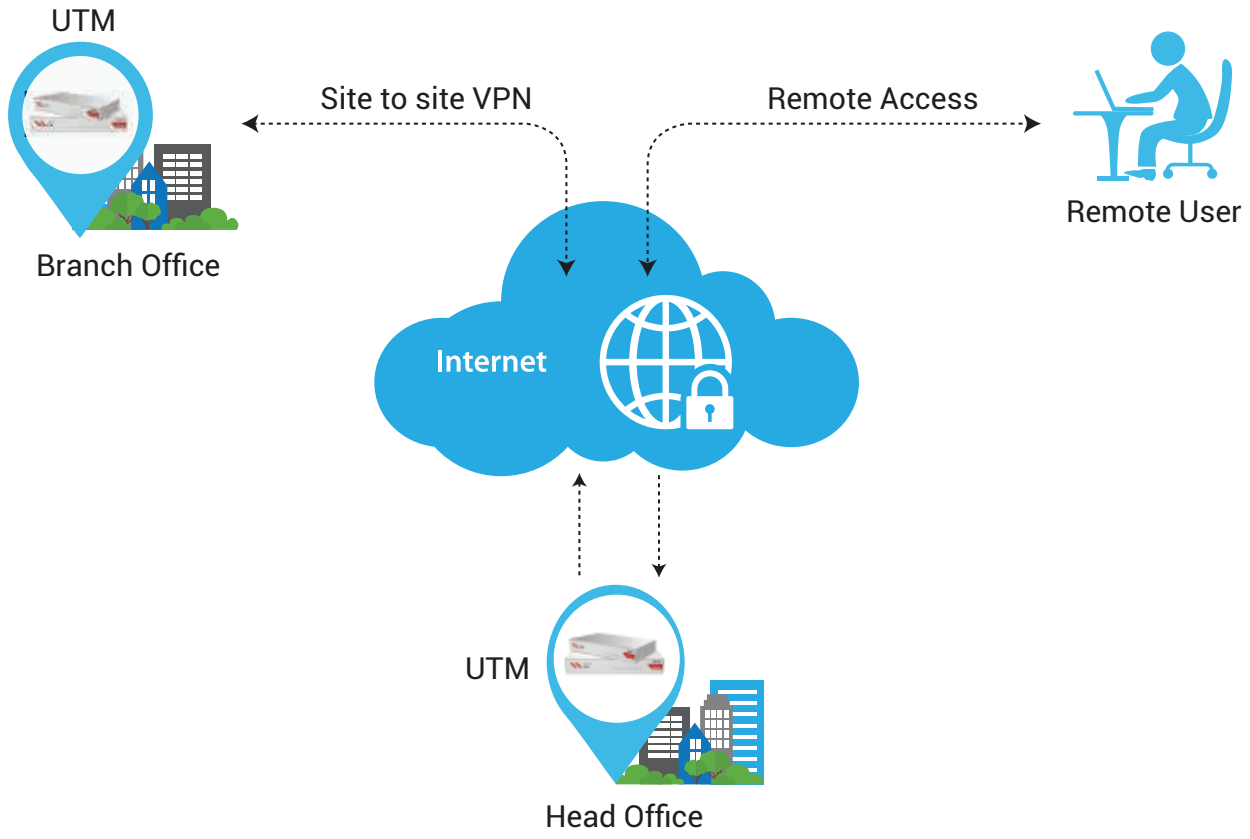
Seqrite Endpoint Security



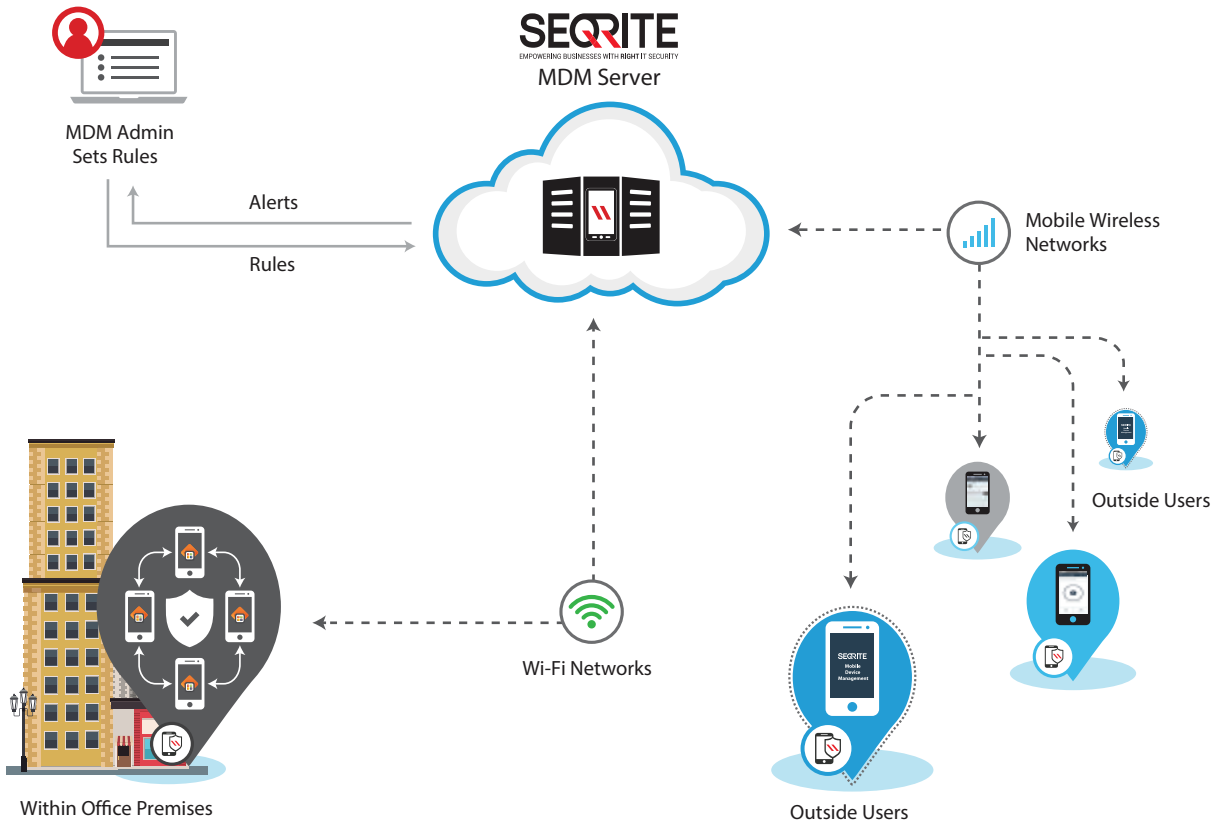
Seqrite Endpoint Security Cloud



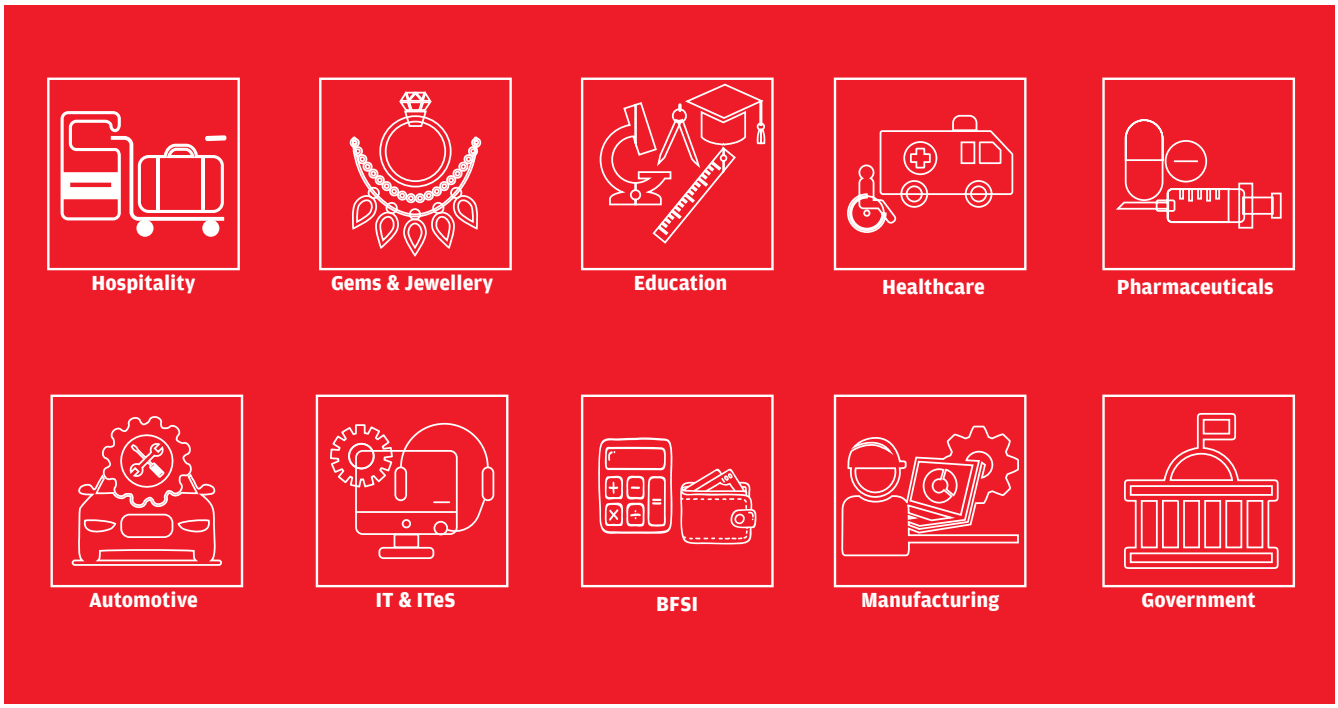
Seqrite Unified Threat Management



Seqrite Mobile Device Management



Millions of endpoints secured across industries



International Certifications

Securing the digital world through relentless focus on R&D and innovation

Research and development plays a critical role in the process of innovation. As the risk of cyberattacks grows in insidious direction, technological innovation is essential to counter this challenge.

At Quick Heal Technologies, we constantly strive to keep ourselves updated regarding potential threats and vulnerabilities. Our proactive approach helps detect and safeguard our end-users from unforeseen challenges.

Our commitment to innovation is demonstrated through our feature-rich products and solutions catering to multiple business segments. We constantly focus on current and future technologies to develop security solutions that ensure resource availability, business continuity and uninterrupted digital experiences.

Innovation-driven Research and Development (R&D)

Our R&D team works in tandem to offer innovative solutions that are both advanced and robust in nature. We follow a systematic process to ensure a fool-proof offering to our customers.

Product Management Team
Ensures right products are built for the right markets and at the right time

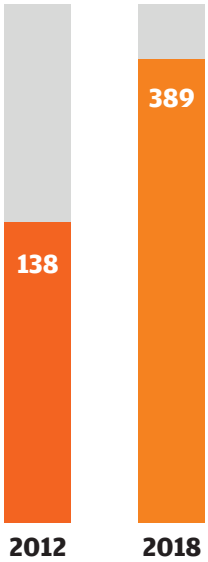
Internet of Things (IOT) Security Team
Creates solutions ensuring security of all the connected devices

Product Development Team
Designs and builds cutting-edge products and solutions ensuring easy installation and gives real-time protection to the users

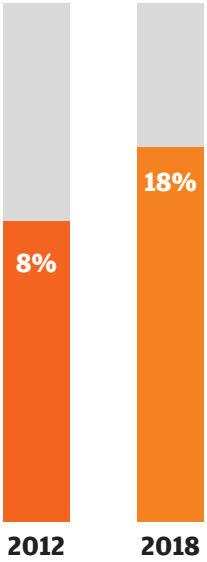
Incidence Response Team
Ensures prompt response protecting customers from any critical attacks or outages

Quality Assurance Team
Ensures creating and maintaining high-standard industry benchmarks

Security Labs
Ensures advance protection to customers by detecting and analysing the threat vectors across the globe



R&D Team members
(182% growth since 2012)



R&D spend as a percentage of total sales
(1,000 bps growth since 2012)

Securing the digital world through efficient sales and distribution network

Reaching out to the end user in a timely and effective manner builds trust and confidence.

At Quick Heal Technologies, we have built a robust channel partner network that is crucial for increasing efficiency and penetration into the market and develop value propositions for our customers. We are constantly building our channel programme into a strategic asset for the Company and our partners to achieve growth and profitability.

Our channel partners are regularly trained to educate our customers with the technical information as well as sales and after-sales services related support. Our partnerships with System Integrators ensures seamless integration of robust security products and solutions into client networks.

We work closely with our distribution network of 21,041 channel partners, 527 Enterprise Partners, 164 Government Partners and 12 Mobile Distributors to penetrate across the untapped markets, enhance brand visibility and demand for our products across individual and business segments.

318
Sales and marketing team members

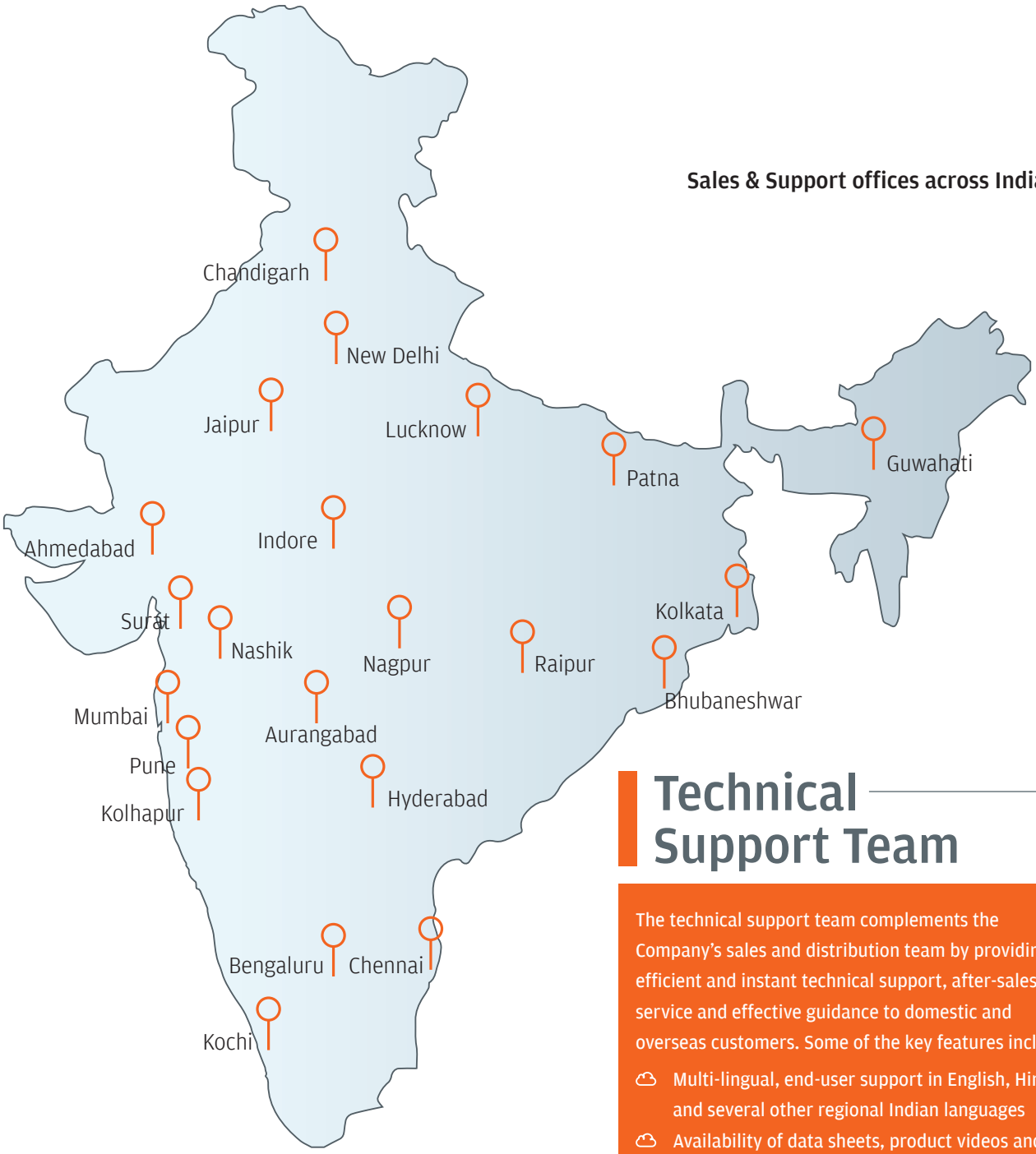
527
Enterprise partners

164
Government partners

12
Mobile distributors

21,401
Channel partners

Sales & Support offices across India



Technical Support Team

The technical support team complements the Company's sales and distribution team by providing efficient and instant technical support, after-sales service and effective guidance to domestic and overseas customers. Some of the key features include:

- Multi-lingual, end-user support in English, Hindi and several other regional Indian languages
- Availability of data sheets, product videos and manuals on website for providing information on technical specifications, installation guide and upgrade mechanisms
- Release of various articles, technical papers, quarterly threat reports and conducting webinars in the area of security software
- Remote access support
- Pan India onsite support – key differentiator
- Maintain high user satisfaction – leading to retention
- Multi modal support services

220

Technical support team members

Securing the digital world through proactive intelligence on the cyber-threat landscape

Cyber threats are growing at an alarmingly fast pace. An efficient threat intelligence that provides in-depth information and analysis about specific threats empowers customers to stay a step ahead of cybercriminals.

As a leading source of threat intelligence, Quick Heal Security Labs analyses data sourced from millions of products across the globe to deliver timely and advanced protection to our customers.

In 2017, we detected over 930 Million Windows malware that targeted individuals and businesses. Ransomware, cryptocurrency mining and zero-day exploits headlined the threat landscape in 2017 with ransomware growing 300% in comparison with 2016. In addition, we detected over 14 Million hits of cryptocurrency miners with PE executable miners and script miners contributing 3 Million and 10 Million hits, respectively.

On the mobile platform, we detected over 1 Million Android malware in 2018. The proliferation of fake apps and downloading of apps from third-party stores were the biggest mobile security concerns in 2017. Towards the end of 2017, we observed cryptocurrency mining to have spread from PCs to smartphones where attackers targeted gaming, adult entertainment and browsing related apps.

Cybersecurity predictions for 2018:

- Ransomware attacks will be more vicious in nature
- Crpytojacking will be the new menace to deal with in the wake of increasing popularity of cryptocurrencies
- Increase in threats to mobile devices owing to higher internet usage
- Cybercriminals to increasingly leverage Artificial Intelligence
- Internet of Things (IoT) will still remain an easy picking for attackers
- DDoS attacks will get more menacing
- Small and medium-sized businesses will remain in the kill zone for cybercriminals
- Brute-force attacks traditional yet effective
- Biometric authentication data at risk

6 Billion

People expected to be vulnerable to Cyber Attacks by 2022 (Source: CSO)

Quick Heal Technologies: Action plan for 2018-19

Grow SMB and Enterprise Business

- Tailored products and service offerings for SMB and enterprise users
- Focus on manufacturing, BFSI, healthcare and hospitality industries
- Reach out to SMBs, identify new SMB opportunities, increase engagement with channel partners

Retain and Expand User Base

- Special focus on Tier II and Tier III towns
- Increase penetration and adoption of security solutions by offering unique value propositions
- Enhance customer experience

Strengthen R&D and broaden product portfolio

- Ongoing efforts on new technologies such as IoT and home security automation
- 4 US patents to its credit; awaiting 3 patents in India
- Develop and promote software-as-a-service model

Expand Mobile Capabilities

- Develop products for various platforms
- Monetise free solutions for mobile devices

International Expansion

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

MD & CEO's Message

Dear Shareholders,

It is indeed a pleasure to place before you my thoughts and perspectives on your Company's performance for the fiscal 2017-18. Brand, culture of innovation and talent continue to remain our Company's key assets that help deliver sustainable business and earnings growth. This in turn has translated into long-term value for our shareholders. Today, we are a prominent and renowned name in the IT security industry with our brands, Quick Heal and Seqrite, catering retail/mobile security and SMBs/Enterprise/Government segments, respectively.

Economy driven by stronger reforms

The Indian economy embraced the biggest economic reform of GST within a year of demonetisation. The back-to-back to structural reforms temporarily halted the smooth growth progression. However, the economy bounced back in the

Today, we are a prominent and renowned name in IT security industry with our brands, Quick Heal and Seqrite, catering retail/mobile security and SMBs/Enterprise/Government segments, respectively.

latter half of the year with improvement in consumption and investments. There were hosts of other policies implemented such as the Insolvency and Bankruptcy Code, reforms in the real estate sector in the form of RERA, allowing of FDI in various industries, fast-tracking of project clearances and various measures for financial inclusion, among others. The annual GDP touched 6.7% in 2017-18, distinctly indicating the economic performance being on the right track and set for even higher future growth.

Government's digital drive

The Government's Digital India programme has augmented and positively prompted a larger number of citizens, companies and government agencies to transact online. This has transcribed into quick turnaround of several services. For instance, passports, that were earlier issued in six months, are now issued in two weeks. E-filing helps file tax returns in real time. Further, GST implementation has pushed several small-scale businesses and traders to use the online GSTIN platform for filing returns. Its' encouraging to know that India's monthly GST collections crossed ₹1 lakh crore for the first time in April 2018, indicating stability and revival of economy from the initial hiccups.

The concept of digital wallets, aligned with the Government's vision of making India a cash-less economy, is also catching up gradually. Linking of Aadhar with tax portals, bank accounts, mobile sims, mutual funds and several other services will further standardise users' database. The Digital India programme will continue exhibiting a stronger growth while expanding as currently only about 10% transactions are carried out online.

The need for IT security

For a nation on the cusp of a digital revolution, it is imperative to plug gaps and loopholes in the industry-specific cybersecurity knowledge and skills. Digital India has fuelled the need for IT security. Data across systems and agencies is increasing every minute, bringing new challenges to deal with. A few lakh people apply for Aadhaar every month. Consumers today leave a substantial trace of their data in the cyberspace, largely residing on the servers of banks, service portals and digital wallet service providers, among others. The internet is no longer a prerogative of the well-to-do. With reducing data charges and a greater outreach, the internet has made its way to the remotest corners of India.

The number of connected devices is only increasing. India might be ready for a digital future but is it truly prepared to tackle the IT security risks that it brings along? A digitally progressive nation also calls for robust framework for digital security. Even the most digitally-advanced nations are often victimised by gravest cyber-crimes. And India, being one of the world's swiftest growing population and economy, needs to effectively position itself to combat vulnerabilities and sabotage of critical digital networks. According to a KPMG survey, 69% of the Indian organisations said that ransomware was a significant risk to them while 43% revealed they had already experienced ransomware attacks.

Today, cybersecurity is a burning topic, yet there are several questions and misconceptions surrounding it. Dispelling these myths is important for taking a step towards information security. Most people feel these cyber threats and attacks are restricted to the financial services and banking sector only. It is therefore important to understand that cyberattacks are on the digital data and not industry-specific in nature.

Every individual, who is a part of the digital world, carries the onus of maintaining digital security. While technology makes our lives easier, our rising dependency on connectivity of everything makes us vulnerable to all forms of cyberattacks. With the stakes so high, it has become more important than ever for individuals and businesses to adopt a more proactive approach towards safeguarding their digital assets.

While technology makes our lives easier, our rising dependency on connectivity of everything makes us vulnerable to all forms of cyberattacks.

Securing the digital world

At Quick Heal Technologies, we continued to maintain our leadership position in the retail segment with over 30% market share. During the year, we witnessed 4% increase in the total retail licences sold and improved our renewal ratio to

approximately 35%. Thanks to the untiring efforts of our channel partners and distributors who created the desired brand visibility and improved acceptability of our IT security products across the households and business users. We are also expecting a gradual increase in the mobile security solutions as the smartphone owners are increasingly getting exposed to cyber threats.

With an attempt towards further strengthening our focus on the Enterprise and Government segment, we entered into a technology collaboration with Finland-based company, Jetico, and introduced end-point encryption solution under the brand "Seqrite". Besides, we also introduced new tailor-made products with enhanced security features, increasing our product acceptability. As a result, we witnessed a healthy 23% growth in the number of licenses sold to the Enterprise and Government segment. We have already established a significant presence in the education domain. Going ahead, we will focus on manufacturing, BFSI, healthcare and hospitality industries as well as reach out to new SMBs.

Financial performance

During the year, our revenues from operations increased 6% from ₹2,999.73 Million in FY 2017 to ₹3,183.15 Million in FY 2018. The lower growth rate can be accredited to weak business sentiments during the initial phase of GST implementation. EBIDTA strengthened 33.50% from ₹901.44 Million in FY 2017 to ₹1,203.41 Million in FY 2018. We also reported healthy EBIDTA margins of 37.81%. Various cost optimisation measures during the year led to such strong operating profitability. With no interest cost and lower depreciation, PAT increased 55.94% from ₹532.27 Million in FY 2017 to ₹830.05 Million in FY 2018.

Innovation to action

Innovation is an all-around practice at Quick Heal Technologies. The IT security world is a never-ending cat-and-mouse game where hackers are constantly trying to breach networks. We leave no stone unturned in reaching out and securing our end-users. Our strong relationships built with our existing channel partner network has allowed us to penetrate into several untapped segments. We are also closely working with system integrators to increase penetration of our Brand "Seqrite" in Enterprise and Government segment. We are also working on enhancing our presence on the e-commerce marketplaces to capture the online audiences and ensure faster movement of products. Further, we are also exploring the potential to enhance our reach through large format stores and modern retail.

Regulations - the way forward

Comprehensive data protection laws are essential to safeguard the information that is being exposed online. The EU General Data Protection Regulation provides new ways people can protect their personal data, to privacy and other human rights. It gives everyone more control and requires businesses, governments and other organisations to disclose more about their data practices and regulate the way they collect, process and store people's data. Similarly, the Government of India has also proposed Digital Information in Healthcare Security Act (DISHA) that provides tougher privacy and security measures for digital health data. Besides, Data Protection Bill is also being drafted to fix the privacy concerns. Increasing regulations and awareness will fuel up the demand for robust IT security solutions going forward.

A specialised workforce is being created to understand and address the cybersecurity issues through our Quick Heal Academy. We offer specialised and need-based courses and offerings to create awareness and teach importance of the cybersecurity.

Closing thoughts

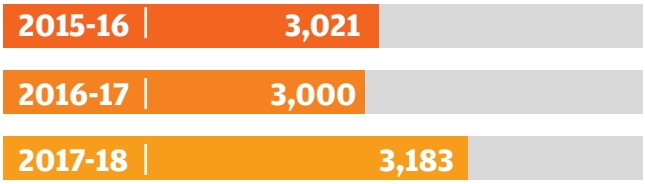
Our progress so far stands for the improvements we have introduced and the innovation we have delivered. Together these are extremely essential and important for strengthening our growth hereon. Today, we are a stronger and more agile company, with excellent brands, global presence and a solid operational and financial foundation. On behalf of the Board of Directors, I would like to extend my sincerest gratitude to the management and all the Quick Heal employees for their undying dedication and solid commitment during the year. Together, we will continue securing the digital world, while creating tangible value for our people, customers and shareholders.

Best Wishes,

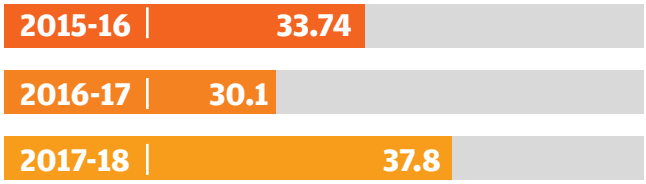
Kailash Katkar
MD & CEO

Financial Performance

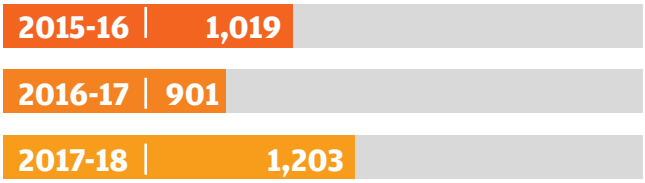
Revenues (₹ Million)



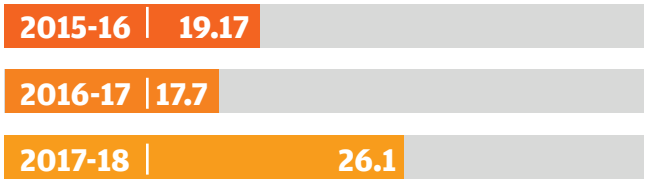
EBITDA margins (%)



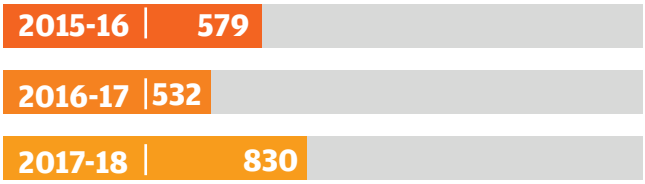
EBITDA (₹ Million)



PAT margins (%)



PAT (₹ Million)



Securing the digital world by creating a talent pool of cybersecurity professionals

Quick Heal Academy

Quick Heal Academy (QHA), a division of Quick Heal Technologies Limited, is a leading institute engaged in supporting and securing the cyberspace. Headquartered in Pune, Maharashtra, India, QHA conducts cybersecurity education programmes.

The main motto behind the QHA is to build a talent pool of professionals, specialising in cybersecurity. QHA is focused and aimed at creating awareness regarding the constantly evolving and ever-changing cybersecurity domain. Its core objective is to educate and create security professionals with strong cyber skill-sets who can help deter the perilous cyber threats.

We offer a host of courses right from online, classroom, corporate and need-based training courses. The idea is to empower organisations in effectively addressing cybersecurity challenges and contribute towards strengthening the cybersecurity ecosystem.

QHA works closely and partners with universities and educational institutes to engage with students and design programmes that can aid build a talent pool of cybersecurity professionals.

The popular courses offered at the academy include:

- Cyber Threat Intelligence
- Malware Analysis & Revenue Engineering
- Cyber Law
- First Responder Electronic Crime Scene Investigation

Academy Partners

	Savitribai Phule Pune University Designed an 'M-Tech in Information Technology Program' for Savitribai Phule Pune University
	Devi Ahilya Vishwavidyalaya University established "Centre for Cybersecurity and Digital Forensic Studies & Research" in Institute of Engineering and Technology campus
	Quantum Global Campus MoU with Quantum Global Campus for a joint B. Tech programme
	Maharashtra Cosmopolitan Education Society The society runs 30 institutes from its ultra-modern campaigns located in Maharashtra
	Chitkara University MoU with Chitkara University; introduced an additional stream in Cybersecurity for the 4-year Undergraduate program
	Gujarat Forensic Sciences University MoU with Gujarat Forensic Sciences University during Vibrant Gujarat 2017

Corporate Information

Board of Directors

Mr. Kailash Sahebrao Katkar
Managing Director & CEO

Mr. Sanjay Sahebrao Katkar
Joint Managing Director & CTO

Mr. Abhijit Shantaram Jorvekar
Non-Executive Director (upto May 23, 2018)

Mr. Shailesh Lakhani
Non-Executive Director

Mr. Sunil Vikram Sethy
Non-Executive, Independent Director (upto April 24, 2018)

Mr. Pradeep Vasudeo Bhide
Non-Executive, Independent Director

Mr. Mehul Mulchand Savla
Non-Executive, Independent Director

Ms. Apurva Pradeep Joshi
Non-Executive, Independent Director

Ms. Priti Jay Rao
Additional Non-Executive and Independent Director
(w.e.f. April 10, 2018)

Mr. Manu Parpia
Additional Non-Executive and Independent Director
(w.e.f. May 10, 2018)

Registered Office

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

Corporate Identification Number

L72200MH1995PLC091408

Chief Financial Officer

Mr. Nitin Kulkarni

Company Secretary & Compliance Officer

Mr. Raghav Mulay

Statutory Auditors

M/s SRBC & Co, LLP,
Chartered Accountants,
C-401, 4th Floor, Panchshil Tech Park
Yerwada, 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
LB S Marg, Bhandup (W), Mumbai – 400 078
Ph: 022-25963838, 25946970
E-mail: rnt.helpdesk@linkintime.co.in

Committee Composition (As on March 31, 2018)

Audit Committee

Mr. Sunil Vikram Sethy, Chairman

Mr. Pradeep Vasudeo Bhide, Member

Mr. Kailash Sahebrao Katkar, Member

Ms. Apurva Pradeep Joshi, Member

Stakeholders Relationship Committee

Mr. Pradeep Vasudeo Bhide, Chairman

Mr. Sunil Vikram Sethy, Member

Mr. Mehul Mulchand Savla, Member

Mr. Kailash Sahebrao Katkar, Member

Nomination and Remuneration Committee

Mr. Mehul Mulchand Savla, Chairman

Mr. Sunil Vikram Sethy, Member

Mr. Pradeep Vasudeo Bhide, Member

Mr. Kailash Katkar, Member

Corporate Social Responsibility Committee

Ms. Apurva Pradeep Joshi, Chairperson

Mr. Kailash Sahebrao Katkar, Member

Mr. Sanjay Sahebrao Katkar, Member

Grievance Redressal

cs@quickheal.co.in

Board of Directors

Dr. Kailash Katkar
MD & CEO

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

Mr. Sanjay Katkar
Joint MD & CTO

Spearheads the creation and subsequent development of the core product technology

Mr. Abhijeet Jorvekar
Non-Executive Director

Served as Sr. VP Sales & Marketing at Quick Heal Technologies. Has 22+ years of rich industry experience

Mr. Shailesh Lakhani
Non-Executive Director

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

Mr. Pradeep Bhide
Independent Director

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

Mr. Mehul Savla
Independent Director

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

Board of Directors (contd.)

Dr. Apurva Joshi
Independent Director

Certified bank forensic accounting professional and anti-money laundering expert

Mr. Manu Parpia
Independent Director

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

Ms Priti Rao
Independent Director

Has 24 years of diverse experience in building and delivering a range of IT services for customers located across five continents

Mr. Sunil Sethy
Independent Director

Certified with Institute of Chartered Accountants of India and has held senior leadership positions at Chambal Fertilizers and Chemicals Ltd, Asbestos Cement Limited, Binani Industries Limited and ACME Tele Power Limited

Management Discussion & Analysis

ECONOMIC REVIEW

The Indian economy is now worth $2.5 trillion and recognised as the sixth largest globally. It regained its status as one of the fastest growing economies globally, supported by the strong growth momentum in the year's latter half. This was largely driven by an improved private consumption and various economy-strengthening reforms. A strong Index of Industrial Production (IIP) recovery and lower inflation rates further facilitated the country's ability to counter the after-effects of demonetisation and Goods and Service Tax (GST) implementation. As per the Asian Development Bank (ADB) projection, India is likely to remain the fastest growing Asian nation with 7.3% growth in 2018-19, and 7.6% in 2019-20.

The MNCs have been focussing on the Indian growth story through expansions or new operations. Besides, India has also been ranked one amongst the best on complexity opportunity index. This index measures the ease with which the existing knowhow can be redeployed to enter new complex products. It is anticipated that over the next decade the Indian Economy will become the third largest after the U.S. and China.

With improving economic fundamentals, the long-term prospects look brighter. The economy is right on track to reach $5 Trillion by 2025. Domestic consumption and investments, coupled with digitisation, globalisation, favourable demographics and reforms will continue driving this growth momentum.

USD 5 Trillion
INDIAN ECONOMY BY 2025

7%+
INDIA'S EXPECTED
GDP TILL 2020

INDUSTRY REVIEW

Cybersecurity

We live in a world that is networked together, where technology is ruling and increasing by the minute. Even the most basic necessities like communication, transportation, finance, Government tasks, healthcare and business rely on the internet and computers. While this makes our life convenient, it also makes our confidential, personal and other important data and devices fall prey to cyber-attacks. The better the technology gets, the more we use it, the more vulnerable it becomes at the hands of cyber criminals for exploitation. Today, securing networks has become a top priority for almost all consumers and enterprises. Deterring security breaches is the need of the hour and it demands us to be vigilant and pro-active about securing our systems - making cybersecurity more of a necessity than an option.

Cybersecurity involves techniques, processes and controls that protect our computers, networks, programs and data from unauthorised access and exploitation of the system. Every task and activity that relies on operations on online domains is susceptible to malicious attackers, high-profile hacks and data breaches. An increasing use of mobiles and a growing dependency on internet services constantly exposes our systems and networks to the world of unforeseen cyber threats. Together, these factors have made cybersecurity one of the biggest concerns of the current times. Several cybersecurity products are built around consumer security, enterprise and government platforms, paving huge growth opportunity for the sector. Moreover, several cybersecurity platforms are adopting artificial intelligence and machine learning techniques to keep pace with the amount of threats evolving everyday.

Cyber threats

Until recently, financial firms and governments were the primary targets of cyberattacks. But a drastic change has been witnessed in this scenario over time. With more businesses going online, cybersecurity has moved from being just an IT problem to now becoming a business risk. Possibilities of new cyber threats are being faced and anticipated every day, exposing valuable data to malicious hackers and unauthorised users. This demands a solution that evolves with the increasing intensity and incidents of cyber threats. To make the most of the digitisation, a cyber secure IT infrastructure, addressing cybersecurity threats proactively, is essential.

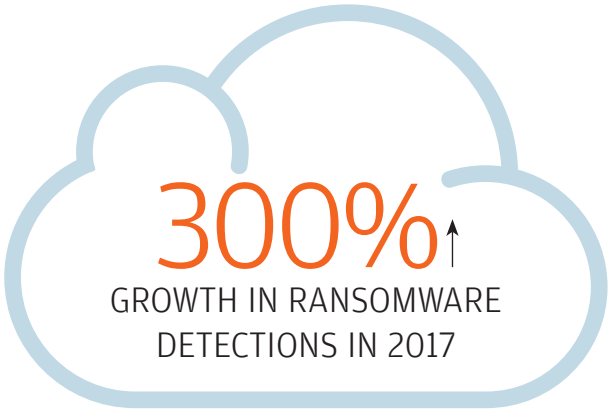
Given below are some of the major cyber attacks that wreaked havoc in the world of Internet:

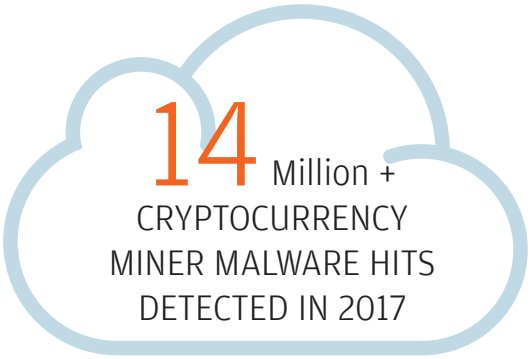
1. **Between 2011-2104**
   - Energy companies in the United States, Europe and Canada were attacked by the cyberespionage group Dragonfly

2. **May 2017**
   - The WannaCry ransomware attack gained worldwide attention
   - Infected more than 230,000 computers in a day in more than 150 countries
   - High profile organisations including clinics and hospitals, telecom, gas, electricity and other utility providers in the UK and worldwide amongst prime victims

3. **June 2017**
   - Major European companies attacked by NotPetya ransomware - an update of MeDoc software, using the Eternal Blue exploit
   - Functioned as a wiper and used a random key to encrypt data making it impossible to decrypt

4. **Latter half of 2017**
   - Few cryptocurrency miner campaigns such as Adylkuzz, Zealot, XMR (RIG) and Monero surfaced
   - Sudden upsurge in the Bitcoin's valuation made cryptocurrency miner malware a hot attack vector for cybercriminals
   - Hackers were increasingly seen misusing the processing power of infected machines for illegal mining of crypto currencies





A recent McKinsey survey suggests that 75% business experts consider cybersecurity to be a top priority today. These industries, otherwise, were considered preoccupied with other enormous risks emerged in recent years.

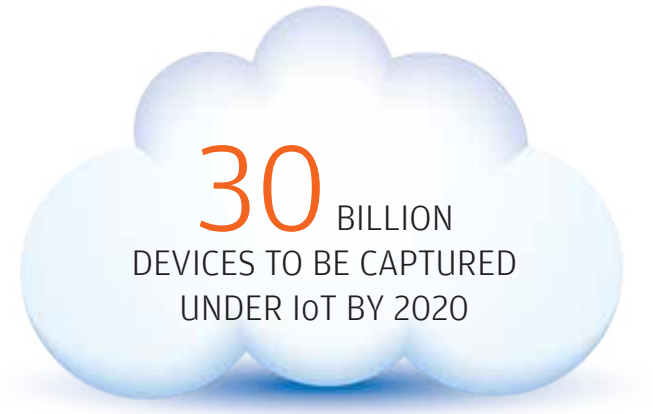
Increasing vulnerabilities

The varying nature of malwares makes managing threat and reducing vulnerabilities in cyberspace, a complex challenge. Every platforms, products or varying operating systems are prone to vulnerabilities. In 2018, Meltdown and Spectre were exposed as the biggest vulnerabilities that affects nearly every computer chip manufactured in the past 20 years. Meltdown primarily impacts Intel Processors and works by breaking through the barrier, preventing applications from accessing arbitrary locations in kernel memory. Spectre, on the other hand, affects Intel, AMD and ARM processors, widening its reach to include mobile phones, embedded devices and almost anything with a chip inside.

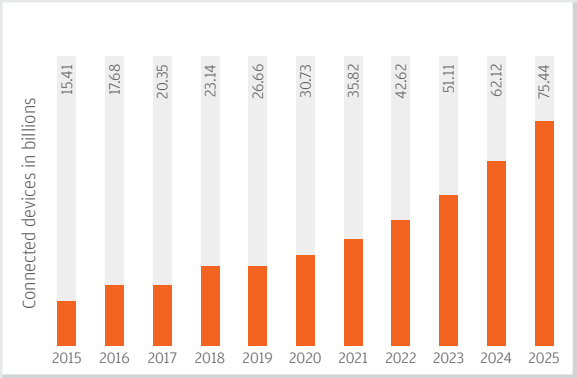
Further, the growth of IoT is increasingly making more companies sync their production systems up to the Internet. The digital value chains are growing complex as they bring thousands of people, countless applications and myriad servers, workstations and other devices together, using simple digital connections. Typically, a large corporate network had anything between 50,000 and 500,000 end points in the past; today, with the IoT in picture, the same system expands to Millions or tens of Millions of end points. Again, many of these systems (older devices) either lack security completely or are inadequately secured. A lot of older devices, not supported by their makers anymore, are also highly vulnerable.

By 2020, it is anticipated, the IoT may comprise as many as 30 Billion devices. Many of these are also expected to be from outside the corporate control. As of today, smart cars, smart homes and smart apparel are already susceptible to malware which can compulsorily enlist them for distributed denial-of-service attacks. By 2020, 46% of all Internet connections will be machine-to-machine, without human operators. This number is only expected to grow higher, giving all the more reasons for attackers to go after IoT consumers.

Source: *McKinsey Article March 2018. Quick Heal Annual Threat Report 2018*



(IoT) connected devices installed base worldwide from 2015 to 2025 (in Billions)

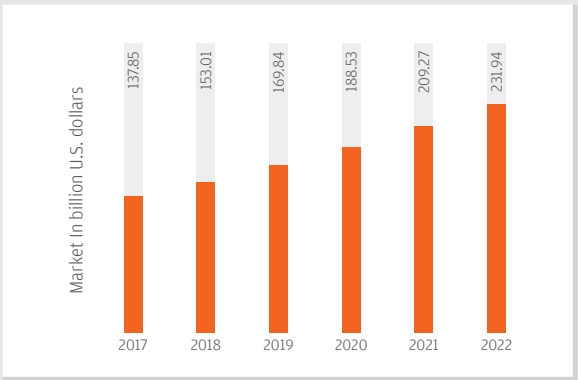


Source: Statistica

Global Cybersecurity Market

With every passing day, cybersecurity is becoming an indispensible and imperative strategy for organisations. In the wake of breaches and high-profile data theft, it is crucial for them to determine future threats and redesign their security posture accordingly. Under such scenario, a robust cybersecurity strategy aimed at detecting, preventing and reacting to malicious activities is essential. This has increased the worldwide spending on cybersecurity. The Global cybersecurity market was valued around $153 Billion in 2018 and is expected to reach $231 Billion by 2022

Cybersecurity market worldwide



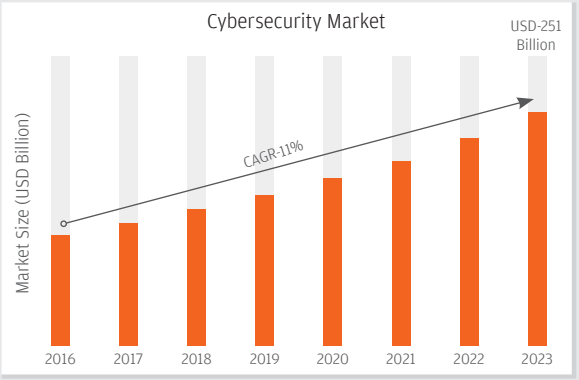
Source: Statistica

2018 is expected to experience numerous new regulations, such as the EU General Data Protection Regulation (GDPR), National Institute of Standards and Technology in the US, and China's Cybersecurity Law, coming in to force. These regulations are anticipated to be driving an increase in spending on IT security by many companies. This will help companies in two ways. First - avoid being victim of an attack; second - safeguard themselves against massive monetary fines towards inability and failure to protect and secure their customers' data. It is only natural that, today, 78% of senior executives are seriously planning to increase their spending on cyber risk management in the next 12 months (*Source: Recent survey by Marsh LLC and Microsoft*). This will help them ensure and update their own systems while diligently managing 3rd Party risk.

The world over, enterprises are reacting to high profile cyberattacks and data breaches with an increased spending on securing the Data and the Networks. Recently, Gartner forecasted an approximate 8% growth in the total spend to USD 96 Billion on Data Security by Enterprises worldwide, as compared to 2017. Regulations and data privacy also have a role to play in higher security spends in the past three years. Gartner further forecasts that the percentage of Enterprises investing in multiple data security tools (such as data loss prevention, encryption and data-centric audit and protections tools) will increase to 60% as compared to 35% at present in the years to come. Currently, there is a shift in the trend of Enterprise Security Spending towards detection and response. This is expected to drive growth over the next five years.

Source: *Press Release by Gartner*

Cybersecurity Market



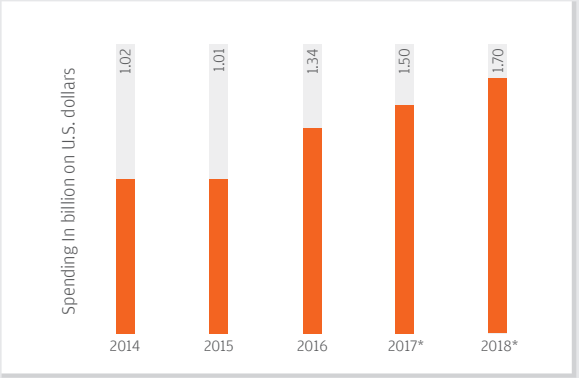
Source: *Cybersecurity Market Research Report - Global Forecast 2023 whose report*

Indian cybersecurity market

The staggering growth in technology has blurred boundaries by bringing people together and transforming the way we work and how governments serve their citizens. Digitisation is doing the unthinkable - enabling the youth to work from their villages, enabling people to talk at seminars and attend family functions remotely, perform digital darshan, transfer money instantly and much more. The Government of India's 'Digital India Programme' aims at providing government services digitally and promotes digital literacy. It also targets building the country's secure digital infrastructure and is driving this transformation. There has been a remarkable upsurge in digital payments with mobile banking transactions alone growing threefold since 2014.

On the flip side, digitisation comes with loop holes that can be exploited by the adversaries. These can deprive users of the benefits of digital technologies. Cyber adversaries are changing drastically in nature. Today, they are becoming more sophisticated and resourceful. The impact of cyber attack is huge and ever-increasing, both in volume as well as variety.

Security product and services market spending



Source: *Statistica and Gartner*

India's IT products and security services market is poised to gain a stronger momentum. This is owing to ever-increasing vulnerabilities, widespread skills shortages and proliferation of new security initiatives undertaken by several organisations. There is a need for a wide range of product and security services to evolve the present security processes and technologies. According to the Gartner's latest forecast, India's spending on security products and services is expected to grow to $1.7 Billion in 2018.

Cyber adversities in India

According to a KPMG survey, 69% of the Indian organisations said that ransomware was a significant risk to them while 43% revealed they had already experienced ransomware attacks.

Cyber attacks that impacted India in 2017

Ransomware Attacks

WannaCry

The top five cities impacted by the ransomware attack were Kolkata followed by Delhi, Bhubaneswar, Pune and Mumbai. Almost 60% of the ransomware attack attempts by the malicious WannaCry virus were targeted at enterprises, while the rest were on individual customers.

NotPetya

The most reported incident of this attack in India was on the nation's largest container port, Jawaharlal Nehru Port (JNPT), near Mumbai along with local manufacturing units of global companies.

Network Attacks

BSNL Malware Attack

The state-run Telco's broadband network in Karnataka circle was majorly affected by a malware attack. The virus reportedly affected 60,000 modems with default "admin-admin" username/ password combination. These malware-infected modems could not be used to connect to the internet of the web.

Data Breaches

Zomato

Indian restaurant search and discovery service provider Zomato reported the Company's database breach in May. This led to the theft of personal details of 7.7 Million users. While this was a serious issue, the leaked information was also reportedly listed for sale on a Darknet market.

India's Growing Internet base

Over the past one year, India's internet penetration has grown at an accelerated momentum. The country is now recognised amongst the highest data consuming nation. The estimated internet users in December 2017 were 481 Million - approximately 35% of total population. The rural India led the growth with approximately 14.1% increase over the previous year. The urban India, on the other hand, grew approximately 9.6%. The internet penetration across both rural and urban India was reported at 20.3% and 64.6% respectively. According to Internet and Mobile Association of India (IAMAI) and market research firm IMRB, the total number of internet users is expected to reach the 500-Million mark by June 2018.

PC installed base in India

The personal computers market in India grew over 11% in 2017, as against 15% de-growth in the previous year. This was led by large projects and surge in shipment post GST implementation. According to IDC, the PC shipments for 2018 stood at 9.56 Million as compared to the 8.58 Million in 2017. Besides, the festival offers by e-tailers, increasing demand from SMBs, enterprises and large state-owned projects further uplifted the demand in second half of 2017.

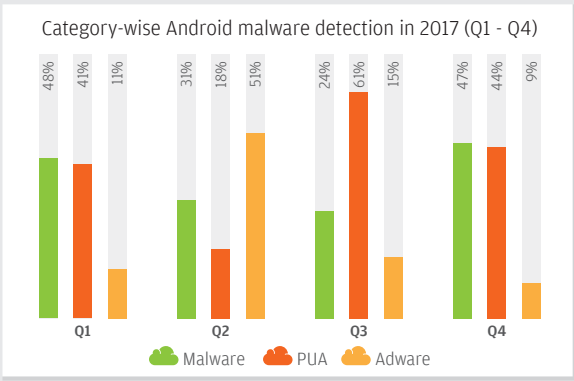
Of the overall shipment,

Consumer PC accounted for 48%, growing by 8.5% annually
Commercial PC accounted for 52%, growing by 14% annually

Increasing threats through mobile internet

The internet penetration in India is largely being driven by Mobile Internet. Factors like affordable mobile internet, cheaper smart phones and faster connectivity are the key growth drivers here. But the rising use of smart phones and smart devices, with little or no knowledge about security features, is exposing thousands of people to the malware threats and hacking risks. There is a clear lack of awareness about mobiles getting infected by virus. Going ahead, mobile devices' threats are anticipated to continue rising with the ever-increasing amount of online transactions and high preference of using mobile over desktop to stay connected online.

Cybersecurity Market



Source: Quick Heal Annual Threat Report 2018

500 Million
INDIA'S INTERNET USER BASE BY JUNE 2018

20.3%
INTERNET PENETRATION IN RURAL INDIA

64.8%
INTERNET PENETRATION IN URBAN INDIA

Source: Press Release by IAMAI

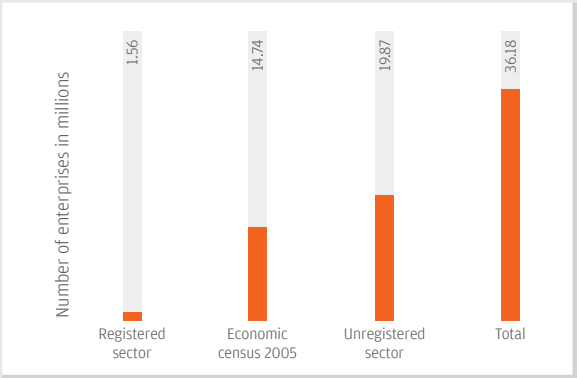
Micro, Small and Medium Enterprises (MSME)

The MSME sector is the growth engine of the Indian economy. It is a broad sector that encompasses manufacturing, service industry, infrastructure, packaging, chemicals, food processing and even venturing into IT sector now. There are around 36 Million registered MSMEs. However, their businesses operate with a false sense of security - "We are too small to attract predators". According to the Verizon Data Breach Investigation Report of 2017, 61% of all cyberattacks target small businesses primarily for two reasons:

1) Small businesses hold less information but valuable in nature
2) And even if they do not hold any data worth stealing, they can be used as pawns by attackers to hack into bigger clients who hold more valuable data

MSMEs are increasingly facing the growing challenge of cybersecurity resources like skills, tools and processes, while at the same time the threat landscape is evolving, both internally as well as externally. Hence, cloud based security solutions are expected to gain traction among smaller and medium businesses.

MSMEs across India in FY 2017



Source: Statistica

Government initiatives to combat the cyber threats

The Government of India is taking all necessary measures to combat cybersecurity violations and its rise. It is specially focusing on Cyber Crime and Data Protection in India. The need of the hour is to facilitate our country's digital economy growth. However, securing personal data of citizens is supremely essential.

Government initiatives in promoting cybersecurity in India

1. **National Cybersecurity Policy:** The policy, released in 2013, provides the vision and strategic direction to protect the national cyberspace.
2. **National Cybersecurity Coordination Centre (NCCC):** The NCCC, made operational in August 2017, will perform real-time threat assessment and create situational awareness of potential cyberthreats to the country.
3. **National Critical Information Infrastructure Protection Centre (NCIIPC):** The organisation was created under section 70A of the IT Act. It is designated as a national nodal agency in respect of critical information infrastructure protection. It aims to protect and safeguard critical information infrastructure (CII) against cyberterrorism, cyberwarfare and other threats.
4. **Cyber Swachhta Kendra:** Launched in early 2017, the Cyber Swachhta Kendra provides a platform for users to analyse and clean their systems of various viruses, bots/malware and Trojans, among others.
5. **International cooperation:** In a bid to secure cyberspace, India entered into nine new bilateral agreements with developed nations such as the US, Singapore and Japan to promote research and information sharing on cybersecurity. These collaborative efforts will enable India to combat advanced threats.
6. **Promoting research and development:** To promote cybersecurity across the nation, the government has initiated a programme to offer a public grant worth INR 5 crore to companies responsible for innovation and research in cybersecurity.
7. **Sectoral and state CERTs:** The Government has proposed to launch sectoral CERTs, starting with critical sectors such as power and finance. Further, state-level CERTs are expected to be created.
8. **Security testing:** There are plans to set up 10 additional Standardisation, Testing and Quality Certification (STQC) testing facilities across the country for the evaluation and certification of IT products.
9. **Digital Information Security in Healthcare Act (DISHA):** The Government of India has proposed Digital Information in Healthcare Security Act (DISHA) that provides tougher privacy and security measures for digital health data.

FUTURE OUTLOOK

Digital India

'The Digital India' initiative by Government of India ensures availability of Government services to the citizens electronically. The programme comprises 3 core components: (1) Development of secure and stable digital infrastructure, (2) Delivering government services digitally and (3) Digital empowerment of citizens.

The launch of Digital India initiatives has only given rise to the importance of IT security. The initiative is expected to create huge amount of digital data, to be stored digitally. This in turn is expected to make the stored data vulnerable to cyber attacks and data theft/leaks. The initiative has paved way for huge opportunities for various stakeholders involved in the cybersecurity programme to safeguard the data from evolving threats. The limited awareness for the need for specialised and customised industry-specific cybersecurity measures combined with skilled people, affects the cybersecurity strategies, as well as actual implementation of security measures.

There is a huge misconception surrounding the cyber-attacks. Most people feel they are only restricted to the financial services and banking sector. However, it is important to understand that cyberattacks are on the digital data and not industry-specific.

With the integration of Digital India with Smart Cities, the need for right resources to defend against multiple threats increases many-fold. The growing trend of digitisation, the Government and Enterprises are faced with cybersecurity challenges posed by new generation technology and are now more than willing to ensure strict compliance with the security policy and using modern techniques, tools and processes to safeguard the data.

India's rapid transition to a cashless economy has exposed new avenues for virulent cyber threats across the nation. The recent Equifax data breach in the U.S and its aftermath has forced data-rich companies and start-ups in India to closely review their security protocols, scrutinize potential cyber threats closely and deploy methods that can mitigate growing risks. As India's digital imprint grows, the need to address cyber threats has become more critical than ever.

Digital Payments

Demonetisation played a crucial role in increasing the penetration and acceptability of Digital Payments. Various initiatives like introduction of Unified Payments Interface (UPI), Bharat Interface for Money (BHIM) supported faster transition to digital payments. However, with increasing penetration of Digital Payments, the stakeholders of Digital Payment ecosystem face a critical challenge in form of Cybersecurity risks such as online fraud, information theft and malware or virus attacks. Another major concern is security of end points/devices being used for digital payments.

Source: *KPMG Report:*

Need of cybersecurity across enterprises

Today, cybersecurity is one of the top challenges of many organisations. As per the survey conducted by KPMG, 79% of organisations listed Cybersecurity amongst the top five business risks and 58% of organisations have made this a board room agenda. The main concern of an IT team in any organisation is to prevent any unauthorised access to its network. As per the survey, the primary target of cyber-attacks is desktop/laptops used by employees. With organisations adopting emerging technologies like cloud, mobility, blockchain and digital enablement, they need to have a dynamic and comprehensive cybersecurity framework, risk assessment and cybersecurity awareness, among others. As per the study, 32% organisations indicate that adoption of emerging technologies exposes it to newer cyber risks and 27% attribute the incidents to lack of security culture. The organisations are moving towards establishing a robust cybersecurity framework which is the key step to manage cyber risk as per 36% of respondents. Effectiveness of any cybersecurity programme lies in its awareness and organisations are adopting innovative approach towards increasing awareness which garners 22% of cybersecurity budget allocations. With cyberattacks becoming more specialised and direct, the impact of these have far-reaching implications in terms of financial losses, description of operations and erosion of stakeholders value and trust. Enterprises are increasingly looking at a multi-layered approach to cybersecurity as they integrate end point security with network security and data protection technologies.

Source: *Gartner Press Release:*

COMPANY OVERVIEW

About us

Since its inception in 1995, Quick Heal Technologies Limited has strived to become one of the leading IT Security products and solutions company. Its mission is to secure customers by providing innovative, most preferred and valued security solutions, services and knowledge.

It aims to protect information and interactions on all types of networks, devices & things globally and build a healthy business and organisation.

The Company offers high quality, feature-rich IT security products and solutions. It has established its proprietary anti-virus technology under the brands Quick Heal and Seqrite to cater Retail and Enterprise & Government segments, respectively. As a customer-centric, relationship-driven partner, Quick Heal focuses on providing easily deployable and trustworthy IT security solutions for defense against real-time risks.

Our product portfolio addresses IT Security risks across multiple software platforms like Windows, Mac, Android and Linux and across multiple devices platforms like Desktops, Laptops, Mobile, tablets, serving and multiple business segments - Home / SOHO, SMB, Enterprise & Government.

OUR PRODUCTS - OPERATIONAL REVIEW

Retail segment (including mobile security) - drives scalability

The Company continued to retain its leadership position with over 30% market share in the retail segment. Over the course of the year, we saw pick up in retail volumes and ended the year with a growth of 4% in total Retail Licenses sold and improved our renewal ratio to approximately 35%. The Company continued to penetrate across the untapped segments and offered best-in-class IT security solutions that created value for the end-users.

The key factor/measure of customer retention is renewals. The retail sales team works closely with channel partners and distributors to increase the renewal ratio. The team also focuses on expansion of the channel partner network which helps in creating more brand visibility and thereby increases the demand of our products.

We strategically discontinued our mobile and handset insurance product - Quick Heal Gadget Securance - as this business faced multiple challenges in servicing the claims which in turn was creating negative perception of our Brand. However, we continued to focus on security solutions for mobiles as we expect the demand to increase with the rise in cybersecurity awareness.

With our strong R&D, pan-India channel network and user-friendly IT security products, we are confident of maintaining our leadership position. We are also utilising leading e-commerce portals for quicker movement of products.

Enterprise and Government - drives sustainability

We made further inroads into the Enterprise and Government segment through our tailor-made offerings. We also introduced new products and features that increased our product acceptability while allowing us to clock a 23% growth in the number of licenses sold. During the year, we entered into a technology collaboration with Finland-Based Company, Jetico, and introduced end-point encryption solution under the brand "Seqrite'. We have already established dominance in the education sector and we will continue to further enhance our position. Going ahead, we will focus on manufacturing, BFSI, healthcare and hospitality industries as well reach out to new SMBs.

Strong and diversified channel network

We have established a robust and diversified network ecosystem of channel partners in cities and towns across India to reach our end-customers. Our strong internal sales & marketing team of 318 employees work closely with customers and channel partners to identify new sales prospects, sell solutions and provide after-sales support.

Our channel network comprises 21,401 channel partners, 527 Enterprise Partners, 164 Government Partners and 12 Mobile Distributors. Our sales team works closely with our channel partners ensuring maximum market penetration. We also provide training to our channel partners, enabling them to provide customer assistance in explaining technical information and related sales assistance as well as after-sales support services to enterprise users.

We also work with various system integrators as a part our strategy to increase market penetration and increase visibility of our Brand "Seqrite' in Enterprise and Government Segment. System integrators specialise in implementing, planning, coordinating, scheduling, testing, improving and sometimes maintaining a computing operation

Research & development

We have a strong R&D team with 389 employees as of March 31, 2018. The R&D is further divided into various teams to address varied areas of Research & Development.

Product Management Team: Ensures that we build the Right products for the right markets at the right time

Product Development Team: To design and build cutting-edge products and solutions

Quality Assurance Team: Relentlessly maintaining and creating industry benchmarks for quality

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

Incidence Response Team: Ensures customers are unaffected by critical attacks/outages by responding promptly

Security Labs: Detect and analyse threat vectors across the globe and provide advanced protection to customers

Awards and accolades

2017

- Quick Heal Total Security received BEST+++certification from AVLab
- Seqrite Endpoint Security: Best Overall Speed 2017: Silver Award for the Performance Test
- Seqrite Endpoint Security was Approved Corporate Endpoint Protection for Windows by AV-Test
- Approved Windows Security Product for year 2017 by AV-Comparatives
- Seqrite Endpoint Security was ICSAlabs certified product for year 2017

2016

- Best Make in India Brand, 14th VARINDIA IT Forum
- 12th Annual Info Security PG's 2016 Global Excellence Awards, USA
- Best Antivirus, 9th NCN Most Innovative Product of the Year Award
- Top Trademark Driven Industry (Small & Medium Enterprise) by CII Industrial Intellectual

2015

- Property Awards 2015: IMC Information Technology Award for Excellence in Information Technology Products for small and medium enterprise category, awarded by Indian Merchants Chamber
- Mumbai Hot 50 Brands in the B2C category, awarded by OneIndia

2014-15

- DQ Channels India's Most Popular Vendor

2012-14

- Quality Brands, awarded by Quality Brand Times

2012

- Maharashtra Corporate Excellence Awards, by Maxell Foundation

2010

- Tech Life - The Lifestyle and Gadgets Awards, awarded by NDTV
- SME Awards for Best SME Innovation awarded by Business Today
- Deloitte Technology Fast500 Asia Pacific awarded by Deloitte
- Deloitte Technology Fast50 India awarded by Deloitte

2009

- Channels' Choice Award, awarded by DQ Channels
- Maharashtra IT Awards, awarded by Government of Maharashtra
- Emerging India Awards, awarded by ICICI Bank and CNBC TV 18

2008-09-10

- CRN Channel Champions, awarded by United Business Media

Customer support

We place a very strong emphasis on efficient customer service. Our strong customer support comprises multi-modal and multi-lingual support through 24x7 inbound telephone centers, SMS, online chat, support forum, email, remote and On-site ground support. Our customer support is guided by the principle of providing support though the entire lifecycle. This is achieved right before making a purchase, during the sale process (by guiding them in making cost-effective decisions) and after-sale support. This leads to highest customer satisfaction in a timely manner. Apart from the Customer support team of 220 members, our customer support service also includes data sheets, product videos and manuals on website for providing information on technical specifications, installation guide, upgrade mechanisms along with release of various articles, technical papers, quarterly threat reports and conducting webinars in the area of security software.

Business promotion strategy (key marketing campaigns during the year)

Quick Heal Khareedo Foreign Jao

During the year, we launched 'Quick Heal Khareedo Foreign Jao' contest. It is a part of Quick Heal's broader strategy to create awareness around cybersecurity and increase adoption of robust IT security solutions empowering customers to secure critical personal data on their devices from cybercriminals

Khushiyon Ki Security

In line with our vision to secure the Digital World, we launched 'Khushiyon Ki Security' campaign with the objective of encouraging consumers to gift a security software to their loved ones, ensuring safety and security of their digital journey

Association with Sony for show - Kaun Banega Crorepati'

We continued our association with 'Kaun Banega Crorepati' and leading news channels through laptop branding in order to amplify brand visibility

Association with Sony for dance show - Super Dancer'

We associated with "Super Dancer' to establish a connect with the younger generation

Unrisk Enterprise

'Unrisk Enterprise' is an ongoing digital and on ground campaign to showcase 'Seqrite' as the leading provider of enterprise security solutions.

Human Resources

At Quick Heal Technologies Limited, employees are the critical enablers of our success. Our employee-friendly HR policies touches every part of employee life cycle. We are committed to provide an engaged, proficient and aspiring talent for business continuity. HR works strategically with businesses to help identify, understand and address people issues in a timely manner. It ensures better talent utilisation with improved engagement for better productivity. The policies are further focused to develop and benefit the talent and simultaneously protecting organisational interest.

We also warrant that the organisation is compliant on all the statutory obligations. One of the most important role played by our HR is in culture building. We drive activities and processes to align employees to Company's Vision by adapting to our core values.

FINANCIAL REVIEW

Revenue from operations

Revenue from operations increased by 6% from INR 2,999.73 Million in FY 2017 to INR 3,183.15 Million in FY 2018. The lower revenue growth was mainly due to weak business sentiments during the initial phase of GST implementation.

The retail (including mobile) and Enterprises & Government segments accounted for 81% and 19% shares respectively of the total revenues in FY 2018.

The number of licenses sold by the Retail and Enterprises & Government segments, stood at 5,509 Million and 1,125 Million licenses, with a share of 83% and 17% respectively.

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 INR 300.02 Million for FY 2018 as compared to INR 284.51 Million for FY 2017, an increase of 5.45%. The Major components of other income were:

1. Interest income on deposits, which was largely on account of the funds raised through IPO and which are being utilised for the purposes stated in the IPO documents which amounted to INR 100.55 Million in FY 2018 as compared to INR 157.23 Million in FY 2017
2. Interest on refund of Income Tax paid for earlier years, INR 0.73 Million in FY 2018 as compared to INR 28.07 Million in FY 2017.
3. Dividend on current investments, increased by INR 43.79 Million from 58.82 Million in FY 2017 to INR 102.61 Million in FY 2018. This was mainly on account of funds generated from the business and reinvested in various financial instruments yielding returns.
4. One-time Service Tax Credit for earlier years of INR 65.96 Million in FY 2018

Operating Expenses

Some of the major changes in operating expenses are explained in the following page

Employee benefits expenses

The Company's Employee benefits expenses declined to INR 1,023.00 Million in FY 2018 from INR 1,028.05 Million in FY 2017, a decline of 0.5%. The total number of employees declined to 1,114 as at the end of FY 2018 compared to 1,374 as at the end of FY 2017. The resource pyramid was aligned with the growing needs of enterprise business which has resulted in marginal reduction in the employee benefit cost compared with reduction in the employee headcount

Of the above, R&D employees formed the largest part, being at 35% of the overall numbers, followed by at Sales & Marketing at 28%, technical Support at 20% and balance 17% of employees belongs to various other functions.

Technology subscription charges

Technology Subscription Charges stood at INR 18.88 Million in FY 2018, compared to INR 56.95 Million in FY 2017. The reduction was due to various optimisation initiatives. The company uses such technology acquisition for its R&D department. The focus has been on developing new technologies and products in-house over past years and thereby optimise the cost of deploying external resources and technology in the development of our products. During the year, the Company was successful in controlling this overall cost. Such cost is charged off by the Company.

Rates and Taxes

Company's Rates and taxes had gone down to INR 13.03 Million in FY 2018 from INR 13.22 Million in FY 2017, reflecting a marginal decrease of 1.44%.

Insurance

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

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

During the year, the insurance cost increased to INR 8.45 Million for FY 2018 from INR 5.25 Million for FY 2017. The increase was mainly on account of new Commercial Crime Insurance policy taken by Company.

Repairs and maintenance

The Company's repair expenses for building was INR 12.94 Million for FY 2018, as compared to INR 14.61 Million in the previous year. Similarly, repairs-others, was at INR 18.52 Million for FY 2018, as compared to INR 22.80 Million in FY 2017. This reduction is largely attributable to the restructuring of our offices and godowns under GST regime.

Secondly, our buildings were fairly new and the maintenance charges are basically attributable to society maintenance charges paid.

As regards repairs - others, this covers repairs for interiors, painting and accessories. In previous year i.e. FY 2017 we had conducted a refurbishment and up-gradation cost of four offices, which was charged off to the Profit and Loss account

Business promotion and advertising and sales promotion expenses

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

During the year business promotion expenses increased to INR 109.20 Million for FY 2018 from INR 37.88 Million for FY 2017, an increase of 188%. Advertising expenses increased by 11% to INR 190.35 Million in FY 2018 compared from INR 172.05 Million in FY 2017.

It may be noted that, during FY 2017 the sales were impacted by demonetisation and the effect of which was also felt a bit in Q1 of FY 2018 along with the weak business sentiments in first half of FY 2018 due to initial issues in GST implementation. During the year, the Company increased its focus on business promotion and advertising along with sales promotion activities to spurt up the growth which is reflected in revenue growth for FY 2018.

Travelling and conveyance expenses

The travelling and conveyance for FY 2018 was INR 28.97 Million as compared to INR 48.60 Million for FY 2017, a decrease of 40.39%. The reduction was mainly on account of close monitoring of the travelling and conveyance expenses and, advance tour planning by all the sales teams.

Communication expenses/Office expenses

Communication expenses decreased to INR 50.74 Million for FY 2018 as compared to INR 58.47 Million for FY 2017, a decrease of 13.22%.

Office expenses decreased by 17.00% to INR 46.05 Million for FY 2018 as compared to INR 55.48 Million for FY 2017.

These reductions were mainly on account of restructuring of our company offices and godowns under GST regime. The company has also reviewed the bandwidth of the lease lines and started optimising the usage of these lease lines.

Legal and professional fees

The company's legal and professional fees for FY 2018 was INR 75.30 Million as compared to INR 142.78 Million for FY 2017, a decrease of 47.26% over the previous year.

The reduction was mainly attributable to the reduction in professional charges incurred for mobile business segment of the Company. During the year, the Company exited from this business.

In previous year i.e. FY 17, the legal cost was higher largely on account of:

1. Cost of personnel at retail points, relating to mobile business segment.
2. Legal and Professional Fees relates to increase in our outreach efforts towards mobile security.
3. Certain legal costs, to address emergent legal issues and patent filings.
4. Certain costs, as a listed company, covering SE fees, certifications, etc. related to listing.

Fixed Assets written off

During the year, there were no new assets written off, compared to INR 3.65 Million in FY 2017.

Provision for doubtful debts and Advances/Bad debts written off

During the year, the Provision for doubtful Debts and Bad debts written off came to INR 26.96 Million and INR 3.92 Million for FY 2018 respectively, as compared to a total of INR 6.53 Million (Provision) for FY 2017. This provision for doubtful debts reflects certain outstanding which were overdue and are provided for as doubtful debts.

MISCELLANEOUS EXPENSES

During the year, the miscellaneous expenses decreased to INR 18.24 Million from INR 20.49 Million in FY 2017, a decrease of 10.98%.

Earnings before Interest Tax Depreciation and Amortisation (EBITDA)

EBITDA (excluding other income) was INR 1,203.41 Million for FY 2018, as compared to INR 901.44 Million for FY 2017 grown by 33.50%. EBIDTA margin came in at 37.81% for FY 2018, compared to 30.05% for FY 2017.

The increase in EBITDA was mainly on account of various cost optimisation measures taken during the year.

The costs on overall basis are largely fixed in nature and there is operating leverage as revenues rise. There was increase of 6% in revenue as compared to last year which has also contributed for increase in EBITDA.

Interest

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

Depreciation

Depreciation expense decreased by 12.98% to INR 269.27 Million for FY 2018, compared to INR 309.44 Million for FY 2017. This was on account of completion of commercial life of few of the softwares. In addition to this, there was no major additions in the asset block in FY18.

Profit After Tax

Profit After Tax came to INR 830.05 Million for FY 2018 as compared to INR 532.27 Million in FY 2017. As explained above the improvement was mainly on account of cost optimisation and benefits accrued to the Company due to operating leverage. Overall costs continues to be under control yielding better returns.

Equity

Total equity increased to INR 703.88 Million on March 31, 2018, as against INR 701.02 Million as on March 31, 2017. This increase reflects incremental equity issued on account of exercise of ESOPs, as per the Company's Employee Stock Option Plans.

Retained Earnings

During the year Retained Earnings increased to INR 3,758.24 Million from March 31, 2018 as against INR 3,132.04 Million for the year ended March 31, 2017. This increase reflects, INR 626.21 Million of PAT and other comprehensive income, adjusted for the dividend of INR 211.19 Million paid during the year.

Property, Plant and Equipment (PPE)

During the year PPE balances decreased to INR 1,611.97 Million as of March 31, 2018 from INR 1,782.23 Million as of March 31, 2017. The reduction was mainly on account of depreciation charged for the year.

Non-Current Financial Assets

The investment under non-current financial assets as on March 31, 2018 was INR 175.75 Million as compared to INR 66.66 Million as on March 31, 2017. The increase was mainly due to investment in mutual funds and Tax free bonds which we intend to hold for more than one year.

Income Tax Assets (Net)

As of March 31, 2018, the Income Tax Assets (Net) were INR 33.90 Million as of March 2018, compared to INR198.67 Million as of March 2017. The reduction was mainly due to Income Tax refunds of previous year released in FY 2018 and adjustments of provisions related thereto.

CURRENT 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, 2018, the total investment stood at INR 2,889.04 Million, as compared to INR 1,750.82 Million as on March 31, 2017, increase of 65.01% in treasury size of the company.

Trade and other receivables

The Trade and other receivables were at INR 1,030.88 Million, as of March 31, 2018, compared to INR 971.83 Million as on March 31, 2017. The Receivables Days increased to 112 days as compared to 107 days as on March 31, 2017. The increase in receivable days was mainly on account of GST.

Loans and security deposits

The company has security deposits amounting to INR 8.72 Million as of March 2018, as compared to INR 6.21 Million at the end of the previous year.

RISKS & CONCERNS

a. Rapidly evolving market needs and new technology developments

IT security threats are ever-evolving and we need to keep upgrading our products on timely basis. Any delays in the introduction of such new solutions, updates, enhancements and features for effectively protecting end users against new security threats, can impact our competitive position, product reputation, and business prospects. Our products compatibility with variety of hardware, software applications, operating systems and networking protocols is important for our products and solutions to be adopted by customers. Quick Heal lays strong emphasis on continuous investments in research & development in order to ensure that the latest evolving threats are addressed through timely updates and features introduced to the users. During FY17 and FY18, the R&D investments made by the Company were around 21.1% and 17.8% of total revenues respectively. It has a strong R&D team of approximately 389 people of total employee strength working on identifying new threats and devising new solutions and features across retail and enterprise & government segments.

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

The IT security market is very competitive with presence of international and Indian companies such as Symantec, Trend

Micro, Kaspersky, McAfee, Sophos and Fortinet, among others, Apps Daily, Syska and K7. The hardware OEMs or operating system software such as Microsoft, Cisco Systems and International Business Machines Corp. (IBM), HP and Lenovo increasingly incorporate the system and network security functionality into their products and enhance that functionality either through internal development or through strategic alliances or acquisitions. Such companies may use these advantages to offer solutions that are perceived to be as effective as ours at a lower price or for free as part of a larger product package or solely in consideration for maintenance and services fees.

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. 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 counter party 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 counter parties can increase the risk that such counter party is unable or unwilling to pay amounts ow ed 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 top 20 dealers contributing 47% to revenue in FY18. 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 entirely by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of Quick Heal Technologies Limited's Annual Report 2017-18.

Notice

Notice is hereby given that the 23rd Annual General Meeting of the Members of Quick Heal Technologies Limited will be held on Wednesday, 8 August 2018 at 11:00 A.M. at Ramee Grand Hotel & Spa, Plot. No. 587/3, CST No. 1221/C, Apte Road, Shivaji Nagar, Pune - 411 004, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements (including consolidated financial statements) of the Company for the financial year ended 31st March 2018 together with the Reports of the Directors and Auditors thereon.
2. To declare Dividend on equity shares.
3. To appoint a director in place of Mr. Shailesh Lakhani (DIN: 03567739), who retires by rotation and, being eligible, offers himself for re-appointment.
4. Ratification of appointment of auditors

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

   "RESOLVED THAT pursuant to the provisions of sections 139 and other applicable provisions, if any, of the Companies Act, 2013, read together with Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the consent of the members of the Company be and is hereby given for ratification of appointment of M/s. SRBC & Co LLP (Firm Registration No. 324982E), Chartered Accountants, as the Statutory 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. Appointment of Ms. Priti Rao as an Independent Director

   To consider and, if thought fit, pass the following resolution as an ordinary resolution

   "RESOLVED THAT pursuant to the provisions of Section 149, 152, 161 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Ms. Priti Jay Rao (DIN: 03352049) who was appointed as an Additional, Non-Executive, Independent Director by the Board of Directors of the Company with effect from 10th April, 2018 and who holds office upto the date of this Annual General Meeting of the Company, who, being eligible, offers herself for appointment and in respect of whom the Company has received a notice from a member in writing under Section 160 of the Companies Act, 2013 proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director on the Board of Directors of the Company to hold office for 5 (five) consecutive years up to 09th April, 2023.

   RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 152, Schedule IV and other applicable provisions, if any, of the Act and the Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended from time to time, appointment of Ms. Priti Rao, who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as an Independent Director of the Company, not liable to retire by rotation, for a term of 5 years, be and is hereby approved.

6. Appointment of Mr. Manu Parpia as an Independent Director

   To consider and, if thought fit, pass the following resolution as an ordinary resolution

   "RESOLVED THAT pursuant to the provisions of Section 149, 152, 161 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. Manu Parpia (DIN: 00118333) who was appointed as an Additional, Non-Executive, Independent Director by the Board of Directors of the Company with effect from 10th May, 2018 and who holds office upto the date of this Annual General Meeting of the Company, who, being eligible, offers himself for appointment and in respect of whom the Company has received a notice from a member in writing under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director on the Board of Directors of the Company to hold office for 5 (five) consecutive years up to 09th May, 2023.

   RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 152, Schedule IV and other applicable provisions, if any, of the Act and the Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended from time to time, appointment of Mr. Manu Parpia, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as an Independent Director of the Company, not liable to retire by rotation, for a term of 5 years, be and is hereby approved.

BY ORDER OF THE BOARD OF DIRECTORS

Kailash Katkar
Managing Director & CEO
DIN: 00397191
Place: Pune
Date: May 10, 2018

Notes

1. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, with respect to the Special Business to be transacted as aforesaid is annexed hereto.

2. Pursuant to SS-2 i.e. Secretarial Standard on General Meetings as issued by the Institute of Company Secretaries of India, the route map for reaching the meeting venue showing the prominent landmarks is given elsewhere in this Notice. The Company has also uploaded the above route map on its website at http://www.quickheal.com/investors.

3. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY, IN ORDER TO BE EFFECTIVE MUST BE DULY FILLED, STAMPED, SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

4. A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten per cent of the total share capital of the Company carrying voting rights. A member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy for any other shareholder.

5. Corporate Members are requested to send to the Company a duly certified copy of the Board Resolution authorising their representative to attend and vote at the Annual General Meeting.

6. Members/Proxies are requested to bring duly filled attendance slips to be deposited with the Company officials at the venue of the meeting.

7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

8. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.

9. The Register of Members and Share Transfer Books shall remain closed from Thursday, 2nd August, 2018 to Wednesday, 8th August, 2018 (both days inclusive), for determining the names of Members eligible for the dividend for the financial year ended 31st March 2018.

10. The dividend, as recommended by the Board of Directors, if declared by the Members at the 23rd Annual General Meeting, will be paid at par on or before 31st August, 2018:

    a. In respect of shares held in dematerialised form, to the beneficial owners of the shares as at the close of business hours on Wednesday, 1st August, 2018, 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 Wednesday, 1st August, 2018.

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:

    (i) The voting period begins on Sunday, 5th August, 2018 at 12:01 AM (IST) and ends on Tuesday, 7th August, 2018 at 5:00 PM (IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of Wednesday, 1 August, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

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

    (iii) Click on Shareholders / Members

Notes (Contd.)

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(xviii) 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.

Notes (Contd.)

- 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 read with Secretarial Standard-2 on General Meetings effective 1 October 2017, brief profile of the director eligible for re-appointment, vide item no. 3 is as follows:

Particulars	Mr. Shailesh Lakhani
DIN	03567739
Date of Birth & Age	16th September, 1978, Age: 40
Date of Appointment	24th September, 2015
Qualifications	Masters in Business Administration
Experience	Investment Advisory
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	Nil
Relationship with any Director (s) and KMPs of the Company	Nil
Number of Meetings Attended During the year	03

17. Pursuant to Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 read with Secretarial Standard-2 on General Meetings effective October 01, 2017, brief profile of the director eligible for appointment, vide item no. 5 is as follows:

Particulars	Ms. Priti Rao
DIN	03352049
Date of Birth & Age	17th June, 1959, Age: 59
Date of Appointment	10th April, 2018
Qualifications	Post Graduate Degree in Computer Science from Indian Institute of Technology, Mumbai
Experience	24 years diverse experience in IT service industry
Directorship held in other listed entities	Mastek Limited
Membership/Chairmanship of Committees of listed entities (includes on Audit committee & Stakeholders Relationship Committee)	Mastek Limited - Member of Audit Committee
Number of Shares held in the Company	Nil
Relationship with any Director (s) and KMPs of the Company	Nil
Number of Meetings Attended during the year 2017-18	N.A.

Notes (Contd.)

18. Pursuant to Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 read with Secretarial Standard-2 on General Meetings effective 1 October 2017, brief profile of Directors eligible for re-appointment vide item no. 6 is as follows:

Particulars	Mr. Manu Parpia
DIN	00118333
Date of Birth & Age	16th January, 1950, Age: 68
Date of Appointment	10th May, 2018
Qualifications	1. Bachelor's Degree in Chemical Engineering from McGill University, Canada 2. MBA from Harward Graduate School of Business Administration, USA 3. Diploma in Finance & Accounting from England
Experience	Over 35 years of experience in the industry, with over 25 years in the PLM and Engineering arena
Directorship held in other listed entities	1. NESCO Limited 2. 3DPLM Software Solutions Limited
Membership/ Chairmanship of Committees of listed entities (includes on Audit committee & Stakeholders Relationship Committee)	NESCO Limited - Member of Audit Committee 3DPLM Software Solutions Limited - Member of Stakeholders Relationship Committee
Number of Shares held in the Company	35,000
Relationship with any Director (s) and KMPs of the Company	Nil
Number of Meetings Attended during the year 2017-18	N.A.

19. 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.

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

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

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

23. 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

Ms. Priti Jay Rao (DIN: 03352049) was appointed as an Additional Director of the Company with effect from 10 April, 2018, pursuant to section 161 read together with Article 38 of the Articles of Association of the Company. She holds the office of Additional Director till the ensuing Annual General Meeting and is eligible for appointment as an Independent Director.

As per the provisions of Section 149 of the Act, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and is not liable to retire by rotation.

Notes (Contd.)

Ms. Priti Jay Rao has consented to act as Director of the Company and has given a declaration to the Board that she meets the criteria of independence as provided under Section 149(6) of the Act and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In the opinion of the Board, Ms. Rao fulfills the conditions specified in the Act and the Rules made thereunder for appointment as Independent Director and she is independent of the management.

The Board, based on the recommendation of the Nomination and Remuneration Committee, commends her appointment as Independent Director for a period of five years from 10 April, 2018 up to 9 April, 2023.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Ms. Priti Jay Rao as Independent Director is now being placed before the Members in General Meeting for their approval.

The terms and conditions of appointment of Ms. Priti Jay Rao, pursuant to the provisions of Schedule IV of the Act, shall be open for inspection at the Registered Office of the Company by any Member during normal business hours on any working day of the Company.

The Board commends the Resolution as set out at Item No. 5 of the Notice for your approval.

Ms. Priti Jay Rao is interested and concerned in the Resolution mentioned at Item No.5 of the Notice and other than Ms. Priti Jay Rao, no other Director, Key Managerial Personnel or their respective relatives are concerned or interested in the Resolution mentioned at Item No.5 of the Notice.

Item No. 6

Mr. Manu Parpia (DIN: 00118333) was appointed as an Additional Director of the Company with effect from 10 May, 2018, pursuant to section 161 read together with Article 38 of the Articles of Association of the Company. He holds the office of Additional Director till the ensuing Annual General Meeting and is eligible for appointment as an Independent Director.

As per the provisions of Section 149 of the Act, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and is not liable to retire by rotation.

Mr. Manu Parpia has consented to act as Director of the Company and has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In the opinion of the Board, Mr. Manu Parpia fulfills the conditions specified in the Act and the Rules made thereunder for appointment as Independent Director and she is independent of the management.

The Board, based on the recommendation of the Nomination and Remuneration Committee, commends his appointment as Independent Director for a period of five years from 10th May, 2018 up to 9 May, 2023.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. Manu Parpia as Independent Director is now being placed before the Members in General Meeting for their approval.

The terms and conditions of appointment of Mr. Manu Parpia, pursuant to the provisions of Schedule IV of the Act, shall be open for inspection at the Registered Office of the Company by any Member during normal business hours on any working day of the Company.

The Board commends the Resolution as set out at Item No. 6 of the Notice for your approval.

Mr. Manu Parpia is interested and concerned in the Resolution mentioned at Item No.6 of the Notice and other than Mr. Manu Parpia, no other Director, Key Managerial Personnel or their respective relatives are concerned or interested in the Resolution mentioned at Item No.6 of the Notice.

BY ORDER OF THE BOARD OF DIRECTORS

Kailash Katkar
Managing Director & CEO
DIN: 00397191
Place: Pune
Date: May 10, 2018

Directors' Report

Dear Members,

The Board of Directors of your Company are pleased to present the 23rd Annual Report along with the audited financial statements, for the financial year ended March 31, 2018.

1. FINANCIAL HIGHLIGHTS

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

Particulars	2017-2018	2016-2017
Revenue from Operations (Net)	3,183.15	2,999.73
Other Income	300.02	284.51
Total Income	**3,483.17**	**3,284.24**
Profit Before Tax	**1,234.16**	**838.71**
Total Tax	404.11	306.44
Profit After Tax	**830.05**	**532.27**

2. BUSINESS OPERATIONS AND OUTLOOK

Your Company recorded a total income of INR 3,483.17 Million for the financial year 2017-18 as against INR 3,284.24 Million in 2016-17 resulting in an increase of 6.05% in the total income during the year under review. The Company continued to position itself as one of the leading players in market. The Profit after Tax of the Company rose by 55.95% from INR 532.27 Million in 2016-17 to INR 830.05 Million in the year under review.

The Indian cybersecurity market has been changing at unprecedented speed. The economies across globe and its components are becoming more and more digitized. However, with this changing scenario, the cyber threat landscape is also increasing. India ranked third in the list of countries where the highest number of cyber threats were detected, and second in terms of targeted attacks in 2017. More than 100 countries were affected by WannaCry, and India was the third most affected country in this attack.

To keep up with these changes, government has also taken widespread steps in protecting cyberspace with its initiatives like Cyber Swachchata Kendra, National Cybersecurity Coordination Centre, National Critical Information Infrastructure Protection Centre, all backed by a robust National Cyber Security Policy.

Your Company continues to invest in innovation and technology R&D and is at the forefront of adapting to the ever changing needs of its customers.

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. DIVIDEND

The Board of Directors of your Company have recommended a Dividend @ 30% i.e. INR 3.00/- per equity share, for the financial year 2017-18.

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

4. 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.

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 along with its subsidiaries as at March 31, 2018 have been prepared in accordance with the Indian Accounting Standard on 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India read together with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the SEBI (LODR) Regulations") form a part of this Annual Report. The Auditors' Report on the CFS is also attached, which is unqualified.

Directors' Report (Contd.)

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

The principles of Corporate Governance are enshrined in the very structure of your Company and forms a strong foundation. The Company has complied with the regulatory provisions for Corporate Governance as prescribed under Schedule V of SEBI (LODR) Regulations, 2015. The quarterly Corporate Governance Reports are submitted with the stock exchanges in compliance with the regulatory provisions. M/s J. B. Bhave & Co., Practicing Company Secretary have confirmed compliance of conditions of the Corporate Governance, and their report 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 2017-18, as required under Schedule V of the SEBI (LODR) Regulations, forms a part of this Annual Report.

11. DIRECTORS & KEY MANAGERIAL PERSONNEL

Mr. Shailesh Lakhani (DIN: 03567739), Non-Executive Director of the Company, retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment. A Profile of Mr. Shailesh Lakhani, as required by Regulation 36(3) of the SEBI (LODR) Regulations are given in the Notice convening the forthcoming Annual General Meeting.

During the year under review, Mr. Abhijit Shantaram Jorvekar, Vice President (Sales) and Executive Director separated from the Company from his executive capacity on account of his resignation and was re-classified as a Non-Executive Director of the Company w.e.f. November 10, 2017.

Mr. Rajesh Ghonasgi, Chief Financial Officer of the Company separated from the Company on account of his resignation w.e.f. February 28, 2018. Mr. Kailash S. Katkar, Managing Director & CEO, Mr. Sanjay S. Katkar, Joint Managing Director & CTO and Mr. Raghav Mulay, Company Secretary are the Key Managerial Personnel of the Company within the meaning of sections 2(51) and 203 of the Companies Act, 2013 read together with the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, as on March 31, 2018.

12. BOARD MEETINGS

During the financial year 2017-18, 4 (four) Board meetings were held on May 12, 2017, August 11, 2017, November 10, 2017 & February 7, 2018. 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 March 31, 2018, 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 the 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.

Directors' Report (Contd.)

16. COMMITTEES OF THE BOARD

During the year under review, Nominations and Remuneration Committee was re-constituted by your Board of Directors. The composition of different Committees of your Board of Directors 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	Mr. Kailash Katkar#
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.
#Appointed as a Member of the Nomination and Remuneration Committee on May 12, 2017

17. SECRETARIAL AUDIT REPORT

Pursuant to Section 204 of the Companies Act, 2013, the Board of Directors had appointed M/s. J B Bhave & Co., Practicing Company Secretaries, Pune, as the Secretarial Auditors of the Company for the financial year 2017-18 and 2018-19.

The Secretarial Auditors have provided an unqualified Secretarial Audit Report for the financial year 2017-18, which forms part of this Annual Report, annexed as **Annexure B**

18. STATUTORY AUDITORS

The Members of the Company at the Annual General Meeting of the Company held on August 11, 2017 had ratified the appointment of M/s SRBC & CO LLP, (Firm Registration No. 324982E/E300003), 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 2019.

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 INR 47,250/- plus applicable government taxes and out of pocket expenses, per year.

The members of the Company had approved the remuneration payable to M/s Bhavesh Marolia & Associates at their Annual General Meeting held on August 11, 2017.

21. INTERNAL AUDITORS

The Board of Directors of your Company has appointed M/s. KPMG, Chartered Accountants as Internal Auditors of the Company for the financial year 2018-19.

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.**

Directors' Report (Contd.)

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:

- **Foreign Exchange earnings and outgo:**

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

Particulars	For the year ended March 31 , 2018	For the year ended March 31, 2017
Total Foreign Exchange Outgo	6,80,11,479	13,05,62,227
Total Foreign Exchange Earnings	7,16,55,492	8,32,25,009

- **Energy Conservation**

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

- **Technology Absorption, Adaptation and Innovation**

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

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

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

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

26. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of Loans, Guarantees and Investments as on March 31, 2018, are given under Notes to the financial statements.

27. RELATED PARTY TRANSACTIONS

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

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

28. CORPORATE SOCIAL RESPONSIBILITY (CSR)

- Your Company has a strong social commitment towards the society we live in. The Board of Directors of your Company are conscious of their inherent responsibility towards continued contribution to the society at large. This idea inspires your Company to be a trustworthy partner in building our nation and an ethical business player with this inspiration, your Company had formed a public charitable trust 'Quick Heal Foundation';

- Your Company selects one or more CSR activities as specified under Schedule VII of the Companies Act, 2013 for implementation in the area of its operation. The Company strives to promote cyber awareness and internet security and is dedicated towards promoting environment sustainability

- The Board of Directors of your Company has constituted a CSR Committee to help the Company to frame, monitor and execute the CSR activities of the Company under its CSR scope. The Committee defines the parameters and observes them for effective discharge of the social responsibility of your Company. The Directors have further approved the CSR Policy of the Company to provide a guideline for CSR activities of the Company.

Directors' Report (Contd.)

- During the year under review, the Company has spent INR 10,825,000/- on CSR activities, out of the total amount of INR 17,935,273/- 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 INR 7,110,273/-. The Company continues to remain committed towards undertaking CSR activities for the welfare of the society.
- A Report on CSR activities of your Company under the provisions of the Companies Act, 2013 during the financial year 2017-18 is given as **Annexure 'F'.**

29. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

30. VIGIL MECHANISM (WHISTLE BLOWER POLICY)

The Company has a well laid down Vigil Mechanism (Whistle Blower Policy), details of which are given in the Report on Corporate Governance forming a part of this Annual Report. The Company has also uploaded the said Whistle Blower Policy on its website at 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. The Audit Committee is updated on the risks on a quarterly basis. There are no risks which in the opinion of your Directors, threaten the existence of the Company. However, risks that may pose a concern, are explained under Management Discussion and Analysis which forms part of this Annual Report.

32. OTHER MATTERS

Your Directors state that during the financial year under review -

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

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

33. ANNUAL RETURN

The extract of Annual Report, as on March 31, 2018, forms a part of this Report and is annexed as **Annexure G.**

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

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

There were no complaints reported during the financial year 2017-18.

35. MATERIAL CHANGES/EVENTS AFTER BALANCE SHEET DATE

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

36. ACKNOWLEDGMENTS

Your Board places on record the help and the sincere support received from the from the shareholders, end users, dealers, distributors, business partners, regulatory bodies and other business constituents during the year under review. The Board also places on record its appreciation for the co-operation received from the employees. The Board also wish to thank the support received from various government and regulatory authorities.

For and on the behalf of the Board of Directors

Kailash Katkar
Managing Director & CEO
(DIN: 00397191)

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

Place: Pune
Date: May 10, 2018

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.	Seqrite Technologies DMCC
1	Reporting Currency	USD	JPY	AED	KES	AED
2	Exchange rate on the last date of relevant financial year	64.9180	0.61099	17.6736	0.63797	17.6736
3	Date on which Subsidiary was acquired	January 2, 2012	April 2, 2012	December 25, 2013	December 2, 2011	November 13, 2016
4	Share Capital	788,000	200,000,000	-	113,675,000	300,000
5	Reserves and Surplus	(766,856)	(164,205,410)	-	(59,628,050)	(78,169)
6	Total Assets	40,215	54,658,388	-	55,380,135	543,795
7	Total Liabilities	19,071	18,863,798	-	1,333,185	321,964
8	Investments	-	-	-	-	-
9	Turnover	86,461	43,537,355	-	2,161,878	708,315
10	Profit before taxation	(37,639)	(28,833,171)	(86,277)	(23,555,740)	(21,439)
11	Provision for taxation	1,074	1,271,500	-	-	-
12	Profit after taxation	(38,713)	(30,104,671)	(86,277)	(23,555,740)	(21,439)
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 April 1, 2017 to March 31, 2018

[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 April 1, 2017 to March 31, 2018, 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 March 31, 2018 ("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 March 31, 2018 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,

Annexure B (Contd.)

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.

During the year under report, the company has allotted 164,294 equity shares of INR 10 each under ESOP Scheme 2010 and 121,684 equity shares of INR 10 each under ESOP Scheme 2014 to eligible employees of the Company.

For J B Bhave & Co.
Company Secretaries

Jayavant Bhave
Proprietor

FCS No. 4266
CP No. 3068

Place: Pune
Date: April 30, 2018

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 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18 and the comparison of remuneration of each Key Managerial Personnel (KMP) on CTC basis, against the performance of the Company are as follows:

Sr. No	Name of Director / KMP & Designation	Remuneration of Director / KMP for the FY 2017-18 (INR Million)	% increase in Remuneration in the FY 2017-18	Ratio of Remuneration of each Director to the Median remuneration of Employees	Comparison of the remuneration of the KMP against the performance of the Company
1.	Kailash Katkar, MD & Chief Executive Officer	12.94	Nil	27.20	**The total income increased by 6.05% whereas profit after tax increased by 55.95% during financial year 2017-18.**
2.	Sanjay Katkar, MD & Chief Technical Officer	12.94	Nil	27.20	
3.	Abhijit Jorvekar, Non-Executive Director*	9.76	Nil	20.52	
4.	Shailesh Lakhani Non -Executive Director	Nil	Nil	Nil	
5.	Mehul Savla Independent Director	0.79	58%	1.66	
6.	P V Bhide Independent Director	0.86	7.5%	1.81	
7.	Sunil Sethy Independent Director	0.60	(25%)	1.26	
8.	Ms. Apurva Joshi Independent Director	0.25	Nil	0.52	
9.	Rajesh Ghonasgi, Chief Finance Officer#	12.20	2%	25.64	
10.	Raghav Mulay, Company Secretary	1.00	Nil	2.52	

* Mr. Abhijit Jorvekar ceased to be an Executive Director of the Company and was re-categorized as Non-Executive Director w.e.f. November 10, 2017. Mr. Abhijit Jorvekar has been paid a Commission of INR 1 lakh for the financial year under review.

Mr. Rajesh Ghonasgi ceased to be Chief Financial Officer of the Company w.e.f. February 28, 2018 on account of his resignation

2. The median remuneration of employees of the company during financial year 2017-18 was INR 4,75,821

3. In the financial year 2017-18, there was an increase of 12.68% in the median remuneration of the employees as compared to that of 2016-17.

4. As on March 31, 2018 there were 1,080 permanent employees who were on rolls of the company.

5. Relationship between average salary increase in remuneration & company's performance: The Profit After Tax (PAT) for the financial year ended March 31, 2018 increased by 55.95% whereas the median remuneration increased by 12.68%

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 0.49% from INR 48.84 Million in 2016-17 to INR 49.04 Million in 2017-18, whereas Profit After Tax increased by 55.95% from INR 532.27 Million in 2016-17 to INR 830.05 Million in 2017-18.

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 0.49%. The increase in KMP remuneration were based on the recommendations of the 'Nominations & Remuneration Committee' and subsequent approval by the Board of Directors to revise the remuneration as per the industry benchmark.

Annexure C (Contd.)

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 INR 10.02 MILLION OR ABOVE PER ANNUM OR THE EMPLOYEES WHO WERE EMPLOYED FOR A PART OF THE FINANCIAL YEAR AND RECEIVED REMUNERATION OF INR 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 INR Million)	Previous Employment	Relationship with any Director of the Company
Kailash Katkar	Managing Director & CEO	Matriculate	52	August 7, 1995	31	Permanent	12.49	Promoter	Brother of Mr. Sanjay Katkar
Sanjay Katkar	Joint Managing Director & CTO	Master in Computer Science	48	August 7, 1995	22	Permanent	12.49	Promoter	Brother of Mr. Kailash Katkar
Rajesh Ghonasgi#	Chief Financial Officer	B.Com; FCA; ACS.	56	September 2, 2013	30	Permanent	14.37	Komli Media	No

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

Mr. Rajesh Ghonasgi ceased to be Chief Financial Officer of the Company on account of his resignation w.e.f. February 28, 2018

Annexure D

ESOP DETAILS AS ON MARCH 31, 2018

Particulars	Details	
	ESOP 2010	ESOP 2014
Options granted	Total options granted until date: 1,662,800 Options granted during fiscal 2018: Nil Options granted during fiscal 2017: Nil Options granted during fiscal 2016: Nil Options granted during fiscal 2015: 122,000 Options granted during fiscal 2014: 104,000	Total options granted until date: 7,92,900 Options granted during fiscal 2018: 30,000 Options granted during fiscal 2017: 183,000 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	INR 37.50 to INR 110.00	INR 110.00 to INR 237.40/-
Total number of options vested	1,454,347	342,082
Total number of options exercised	1,305,855	224,479
Total number of Equity Shares that would arise as a result of full exercise of options already granted	1,406,516	622,744
Options forfeited/lapsed/cancelled	2,56,284	172,056
Variation in terms of options	Nil	Nil
Options outstanding (in force)	INR 100,661	INR 396,365
Person wise details of options granted to		
(i) Directors and key management employees	Please see Note 1 below	Please see Note 2 below
(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil	Please see Note 3 below
(iii) Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	Nil	Nil
Fully diluted EPS on exercise of options calculated in accordance with the applicable Accounting Standards	INR 11.20	
Difference between employee compensation	NIL	
cost using the fair value method and the employee compensation cost that shall have been recognised if our Company had used fair value of options and impact of this difference on profits and EPS of our Company	Impact on EPS (basic): 0.03 Impact on EPS (diluted): 0.03	
Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Weighted average exercise price: INR 55.96	Weighted average exercise price: INR 175.95
	Weighted average fair value: 65.26	

Annexure D (Contd.)

Particulars	Details	
	ESOP 2010	ESOP 2014
Description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option	Our Company has adopted discounted cash flow method to estimate the fair value of the options with the following assumptions: i. Risk free interest rate: 6.62%; ii. Expected life: Grant 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 Grant XI: 3.50 - 6.51 Grant XII: 3.76 - 6.76 iii. Expected volatility: 27% iv. Expected dividends: 1.21% v. Price of underlying share in market at the time of Grant XII of option: INR 179.70	
Vesting schedule	Options are vested in four instalments based on performance of the employee.	
Lock-in	Nil	
Impact on liability for options outstanding of the last two years on fair value	Fiscal 2017-18: INR 7.25 Million Fiscal 2016-17: INR 6.03 Million	

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

Name of director/ Key Management Personnel	Total No. of options granted	Total No. of options vested*	No. of options exercised	No. of options forfeited	Total No. of options outstanding*
Abhijit Jorvekar	163,600	158,600	158,600	5,000	NIL
Rajesh Ghonasgi	104,000	104,000	104,000	-	NIL
Total	**267,600**	**262,600**	**262,600**	**5,000**	**NIL**

* 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**
			NONE		

** 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 2017-18

Name of Employee	Total No. of options granted	Grant Price
	NONE	

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 June 11, 2014
g)	Amount incurred during the year (INR In Million)	0.96

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 June 11, 2014
g)	Amount incurred during the year (INR In Million)	0.96

Annexure E (Contd.)

Contract 3

Sr. No.	Particulars	Details
a)	Name (s) of the related party	Mr. Kailash Katkar
b)	Nature of Relation ship	Managing Director & CEO
c)	Nature of contracts / arrangements /transaction	Lease Deed
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 June 11, 2014
g)	Amount incurred during the year (INR 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	896,763,650
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	17,935,273
5.	Details of CSR spent during the financial year 2017-18	
	a) Total amount spent for the financial year 2017-18	10,825,000
	b) Amount un-spent , if any	7,110,273

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Project or activity identified	Sector in which project is covered	Projects or programs a) Local area or other b) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) projects or programs wise	Amount spent on projects or programs 1. Direct on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent Direct or through implementing agency
1	Education , Social Activity & Administrative	Cyber Awareness, Environmental sustainability	Maharashtra	10,825,000	10,825,000	10,825,000	Through Quick Heal Foundation
Total				**10,825,000**	**10,825,000**	**10,825,000**	

Annexure G

EXTRACT OF ANNUAL RETURN

FORM MGT 9

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

As on Financial Year ended on March 31, 2018

I. REGISTRATION & OTHER DETAILS

i)	CIN	L72200MH1995PLC091408
ii)	Registration Date	August 7, 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 Africa Ltd P. O. Box 80404, Plot No. 56, Section XXV, 1st Floor, Kaderbhoy Building, Nkrumah Road, Mombasa	CPR/2011/62135	Subsidiary	100%	Section 2(87) of The Companies Act, 2013
3.	Quick Heal Technologies America, Inc. 1 Courthouse Lane, Unit 7 Chelmsford MA 01824	101019922	Subsidiary	100%	Section 2(87) of The Companies Act, 2013
4.	Seqrite Technologies DMCC	DMCC67651	Subsidiary	100%	Section 2(87) of The Companies Act, 2013

Annexure G (Contd.)

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

i. Category-wise Shareholding

Category of Shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters										
1	Indian									
a.	Individual / HUF	51,030,720	-	51,030,720	72.79	51,030,720	-	51,030,720	72.49	(0.3)
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**	**72.79**	**51,030,720**	**-**	**51,030,720**	**72.49**	**-**
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**	**72.79**	**51,030,720**	**-**	**51,030,720**	**72.49**	**(0.3)**
B. Public Shareholding										
1	Institutions	-	-	-	-	-	-	-	-	-
a.	Mutual Funds / UTI	514,441	-	514,441	0.73	-	-	-	-	(0.73)
b.	Banks / FIs	94,379	-	94,379	0.13	76,321		76,321	0.11	(0.02)
c.	Central Govt.	-	-	-	-	-	-	-	-	-
d.	State Govt.(s)	-	-	-	-	-	-	-	-	-
e.	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f.	Insurance Companies	-	-	-	-					
g.	FIIs	-	-	-	-	-	-	-	-	-
h.	Foreign Venture Capital funds	3,665,410	-	3,665,410	5.23	3,665,410	-	3,665,410	5.21	(0.02)
i.	Others Foreign Co.	-	-	-	-	-	-	-	-	-
j.	Foreign Portfolio Investor	2,337,565	-	2,337,565	3.33	1,985,685		1,985,685	2.82	(0.51)
Sub-total (B)(1)		**6,611,795**	**-**	**6,611,795**	**9.42**	**5,727,416**		**5,727,416**	**8.14**	**(1.28)**

Annexure G (Contd.)

Category of Shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2	Non-institutions									
a.	Bodies Corp. (Indian and Overseas)	1,797,057	-	1,797,057	2.56	2,232,381		2,232,381	3.17	0.61
b.	Individuals									
i)	Individual shareholders holding nominal share capital upto INR 2 Lakh	7,186,034	1	7,186,035	10.25	6,963,951	1	6,963,952	9.89	(0.36)
ii)	Individual shareholders holding nominal share capital in excess of INR 2 Lakh	2,004,601	-	2,004,601	2.86	2,647,098		2,647,098	3.76	0.90
c.	**Others**	-	-	-	-	-	-	-	-	-
i)	Clearing Member	488,293	-	488,293	0.70	422,644		422,644	0.60	(0.1)
ii)	NBFCs registered with RBI	-	-	-	-	-	-	-	-	-
iii)	Foreign National	200	-	200	0.0003	1,000		1,000	0.0014	0.0011
iv)	NRI	496,845	-	496,845	0.71	763,226		763,226	1.08	0.37
v)	Hindu undivided Family	485,479	-	485,479	0.69	599,046		599,046	0.85	0.16
vi)	Trust	1,180	-	1,180	0.0017	700		700	0.0010	(0.0007)
Sub-total (B)(2)		**12,459,689**	**1**	**12,459,690**	**17.77**	**13,589,418**	**40,629**	**13,630,047**	**19.36**	**1.59**
Total Public Shareholding										
(B) = (B)(1) + (B)(2)		**19,071,484**	**1**	**19,071,485**		**19,316,834**	**40,629**	**1,93,57,463**		**-**
C. Shares held by Custodian for GDRs / ADRs		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
D. Grand Total (A+B+C)		**70,102,204**	**1**	**70,102,205**	**100**	**70,347,554**	**40,629**	**70,388,183**	**100**	**-**

Shareholding by Promoters and Promoter Group:

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	29.26	-	20,511,384	29.14	-	(0.03)
2	Sanjay Sahebrao Katkar	20,511,384	29.26	-	20,511,384	29.14	-	(0.03)
3	Anupama K Katkar	5,003,976	7.14	-	5,003,976	7.11	-	(0.03)
4	Chhaya S Katkar	5,003,976	7.14	-	5,003,976	7.11	-	(0.03)

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.

Annexure G (Contd.)

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

	Name of Shareholder	Shareholding at the beginning of the year		No of Shares		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	Increase	Decrease	No. of Shares	% of total shares of the Company
1	Sequoia Capital India Investment Holdings III	3,665,410	5.23	-	-	3,665,410	5.21
2.	National Westminster Bank Plc As Trustee of The Jupiter India Fund	1,119,748	1.60	-	101,203	1,018,545	1.44
3.	HSBC Global Investment Funds - India Equity	525,994	0.75	-	525,994	-	-
4.	Ramesh Damani	454,792	0.65	343,458	-	798,250	1.13
5.	Jupiter South Asia Investment Company Limited - South Asia Access Fund	379,109	0.54	93,138	-	285,971	0.40
6.	Arvind Khattar	252,684	0.36	150,000		402,684	0.57
7.	ICICI Prudential Growth Fund - Series 6	185,366	0.26	-	185,366		
8.	ICICI Prudential Growth Fund - Series 2	185,318	0.26	-	185,318		
9.	Edelweiss Custodial Services Ltd	174,372	0.25	126	-	174,498	0.25
10.	ICICI Prudential Growth Fund - Series 5	143,757	0.21	-	143,757		
11.	Maverick Financial Services Private Limited	-	-	173,000	-	173,000	0.25
12.	Emerging Markets Core Equity Portfolio (The Portfolio) of DFA Investment Dimensions Group INC.	-	-	169,473	-	169,473	0.24
13.	MV SCIF Mauritius	-	-	168,250	-	168,250	0.24
14.	Phillip Finance & Investment Services India Private Limited	-	-	143,000	-	143,000	0.20
15.	Kuber India Fund	-	-	135,640	-	135,640	0.19

V SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

	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	29.26	-	-	20,511,384	29.14
2	Sanjay Sahebrao Katkar	20,511,384	29.26	-	-	20,511,384	29.14
3	Abhijit Jorvekar*	156,100	0.22	-	134,000	22,100	0.03
4	Rajesh Ghonasgi	26,630	0.04	52,000	-	78,630	0.11
5	Raghav Mulay	-	-	-	-	-	0.00

* Mr. Abhijit Shantaram Jorvekar ceased to be an Executive Director of the Company w.e.f. November 10, 2017.

Annexure G (Contd.)

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	4.40

* Mr. Abhijit Shantaram Jorvekar ceased to be an Executive Director of the Company w.e.f. November 10, 2017.

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	14.37
2.	Mr. Raghav Mulay	Company Secretary	0.88

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 ON THE CODE OF CORPORATE GOVERNANCE:

Your Company recognizes communication as a key element of the overall corporate governance framework and therefore, emphasizes on seamless and efficient flow of relevant communication to all external constituencies. Your Company follows the principles of fair representation and full disclosure in all its dealings and communications. The Company's annual reports, results presentations and other forms of corporate and financial communications provide extensive details and convey important information on a timely basis. Your Company's philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations and in all its interactions with its stakeholders including shareholders, employees, government and lenders. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall Shareholders value, over a sustained period of time.

2. BOARD OF DIRECTORS:

The Board of Directors of the Company critically evaluate the Company's strategic direction, policies and their effectiveness. The actions of the Board are committed towards sustainably elevating the Company's value creation process. The Board of the Company strives to achieve higher standards and provide oversight and guidance to Management in strategy implementation, risk management and fulfillment of stated goals and objectives.

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

(i) Composition of Board

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

Executive Directors

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

Non-Executive (Non-Independent) Directors

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

*Designation of Mr. Abhijit Jorvekar was re-categorised from Executive Director to Non-Executive Non-Independent Director w.e.f. November 10, 2018.

Non-Executive Independent Directors

Sr. No.	Name of the Director	Designation	Category
1.	Mr. Pradeep Vasudeo Bhide	Director	Independent Director
2.	Mr. Sunil Vikram Sethy	Director	Independent Director
3.	Mr. Mehul Mulchand Savla	Director	Independent Director
4.	Ms. Apurva Pradeep Joshi	Director	Independent Director

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

Report on Corporate Governance (Contd.)

(ii) Independent Directors

Your Company had, in its Annual General Meeting (AGM) held on September 24, 2015 appointed Mr. Pradeep Vasudeo Bhide, Mr. Sunil Vikram Sethy, Mr. Mehul Savla & Ms. Apurva Pradeep Joshi as Independent Directors pursuant to Sections 149, 152 and Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules issued thereunder and as per LODR, 2015. The tenure all four Independent Directors is five years.

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

(iii) Board Meetings

During the financial year 2017-18, 4 (four) Board meetings were held on May 12, 2017, August 11, 2017 11, November 10, 2017 & February 7, 2018. The maximum time gap between any two meetings did not exceed one hundred twenty days.

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

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

Name of the Director	No of Board Meeting attended	Attendance at last AGM	No. of Directorships held in public companies(including this Company)#	No. of Memberships (M)/ Chairpersonships (C) in board Committee(s) [including this Company]^
Mr. Kailash Sahebrao Katkar	04	Yes	01	0(C), 02(M)
Mr. Sanjay Sahebrao Katkar	04	Yes	01	Nil
Mr. Abhijit Jorvekar	04	Yes	01	Nil
Mr. Shailesh Lakhani	03	Yes	01	Nil
Mr. Pradeep Vasudeo Bhide	04	Yes	07	03(C), 06(M)
Mr. Mehul Mulchand Savla	03	Yes	01	0(C), 01(M)
Mr. Sunil Vikram Sethy	03	No	06	02(C), 02(M)
Ms. Apurva Pradeep Joshi	04	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.

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

(v) Conduct of Board Meetings:

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

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

Report on Corporate Governance (Contd.)

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) Familiarisation Programme for Board Members including Independent Directors

The Board members are provided with the requisite documents/brochures, reports and internal policies to enable them to 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 familiarisation programme for Independent Directors in terms of the provisions of LODR, 2015 is uploaded on the website of the Company and can be accessed through following link: www.quickheal.com

(vii) Independent Directors' Meeting

In accordance with the provisions of Schedule IV (Code for Independent Directors) of the Companies Act, 2013 and as per applicable Clauses of LODR, 2015, a meeting of the Independent Directors of the Company was held on February 7, 2018, without the presence of Non-Independent Directors and representatives of the management.

(viii) Evaluation of Board Effectiveness

In terms of the provisions of the Companies Act, 2013 read with Rules issued thereunder and as per applicable Clauses of LODR, 2015, the Board of Directors have evaluated the effectiveness of the Board. Accordingly, the performance evaluation of the Board, each Director and the Committees was carried out for the financial year ended March 31, 2018, as per the policy of the Company. The evaluation of the Directors was based on various aspects, inter-alia, included the level of participation in the Board Meetings, understanding of their roles and responsibilities, business of the Company along with the environment and effectiveness of their contribution.

3. BOARD COMMITTEES

The Committees constituted by the Board play a very important role in the governance structure of the Company. The composition and the terms of reference of these Committees are approved by the Board and are in line with the requirement of the Companies Act, 2013 and as per applicable Clauses of LODR, 2015. During the financial year ended March 31, 2018, there were 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:

The composition of the Audit Committee is in conformity with the provisions of Section 177 of the Companies Act, 2013 and as per applicable Clauses of LODR, 2015. 4(Four) meetings of the Committee were held during the financial year ended March 31, 2018.

During the year under review, the Audit Committee met on May 11, 2017, August 10, 2017, November, 2017 and 6 February 6, 2018.

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

Name	Status	Number of Meetings Attended
Mr. Sunil Vikram Sethy	Chairman	03
Mr. Kailash Sahebrao Katkar	Member	04
Ms. Apurva Pradeep Joshi	Member	03
Mr. Pradeep V. Bhide	Member	04

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

Report on Corporate Governance (Contd.)

Terms of Reference:

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

Whistle Blower Policy - Vigil Mechanism

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

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

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

(ii) Nomination and Remuneration Committee:

Composition and attendance:

The Nomination and Remuneration Committee consists of four Directors, three being Independent and one Executive Director. During the financial year ended March 31, 2018, 03(Three) meetings of the Nomination and Remuneration Committee were held.

During the year under review, the Committee met on May 12, 2017, August 11, 2017 and February 7, 2018

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	Chairman	3
Mr. Sunil Vikram Sethy	Member	2
Mr. P.V. Bhide	Member	3
Mr. Kailash Sahebrao Katkar*	Member	2

* Appointed as a member of the Nomination & Remuneration Committee in Board Meeting held on May 12, 2017.

Terms of Reference:

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

Details of Remuneration paid to the Directors during the financial year ended March 31, 2018:

(a) Executive Directors

Sr. No.	Name of the Director	Gross salary (in INR)	Commission/ Incentive (in INR)	Contribution to PF (in INR)	Total (in INR)	Notice period
1.	*Mr. Kailash Sahebrao Katkar	10,648,338	1,840,000	Nil	12,488,338	6 (six) Months
2.	*Mr. Sanjay Sahebrao Katkar	10,648,338	1,840,000	Nil	12,488,338	6 (six) Months

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

Report on Corporate Governance (Contd.)

(b) Non-Executive Directors and Independent Directors

Sr. No.	Name of the Director	Gross salary (in INR)	Commission/ Incentive (in INR)	Contribution to PF (in INR)	Total. (in INR)	Notice period
3.	Mr. Abhijit Jorvekar#	3,415,850	985,200	12,600	4,413,650	90 days

Mr. Abhijit Jorvekar resigned as Sr. Vice President (Sales) of the Company w.e.f. October 12, 2017 and his designation was re-classified from Executive to Non-Executive Director, on November 10, 2017.

Particulars of sitting fee paid to the Non-Executive Directors during the financial year ended March 31, 2018 are as follows:

Sr. No.	Name of the Director	*Sitting fees paid(in INR)
1.	Mr. P. V. Bhide	280,000/-
2.	Mr. Sunil Sethy	210,000/-
3.	Mr. Mehul Savla	150,000/-
4.	Ms. Apurva Joshi	200,000/-
5.	Mr. Abhijit Jorvekar	60,000/-

* mentioned sitting fees is exclusive of service tax.

There has been no material pecuniary relationship or transactions between the Company and Non-Executive Directors during the financial year 2017-18.

During the year under review, no convertible instruments have been issued to any of the Non-Executive Directors of the Company. As on March 31, 2018, Mr. Abhijit Jorvekar, Non-Executive Director of the Company, holds 2,523 equity shares of the Company.

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 June 10, 2010	No. of ESOP's Granted on September 6, 2014	No. of ESOP's Vested on July 1, 2011	No. of ESOP's Vested on July 2, 2012	No. of ESOP's Vested on July 1, 2013	No. of ESOP's Vested on July 1, 2014	No. of ESOP's Vested on September 24, 2015	No. of ESOP's Vested on September 24, 2016
1.	Mr. Abhijit Jorvekar	153,600	10,000	38,400	38,400	38,400	38,400	2,500	2,500

(iii) Stakeholders Relationship Committee:

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

The Stakeholders Relationship Committee consists of 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.

During the year under review, the Stakeholders Relationship Committee met on November 10, 2017.

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	0
Mr. Sunil Vikram Sethy	Member	1
Mr. Kailash Katkar	Member	1
Mr. P.V. Bhide	Chairman	1

Pursuant to the LODR, 2015 and Listing Agreement with the Stock Exchanges, Mr. Raghav Mulay has been appointed as the

Report on Corporate Governance (Contd.)

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 and recommends measure for expeditious and effective investor service etc.

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

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

(iv) Corporate Social Responsibility Committee: Terms of Reference:

Composition:

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

During the year under review, CSR Committee met on 12 May 12, 2017.

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

Sr. No	Name	Status	No. of Meetings Attended
1.	Ms. Apurva Pradeep Joshi	Chairperson	1
2.	Mr. Kailash Sahebrao Katkar	Member	1
3.	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.

4. GENERAL BODY MEETINGS

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

Sr. No.	Financial Year	Date	Day	Time	Number of Special resolution(s) Passed	Details of Special Resolution passed
1.	2016-17	August 11, 2017	Friday	11:00 AM	2 (Two)	1. Increase in ESOP pool size under ESOP Scheme 2014 2. Authority to Board for allotment of increased options under ESOP Scheme 2014.
2.	2015-16	August 05, 2016	Friday	11:00 AM	4 (Four)	1. Appointment of Ms. Anupama Katkar to place of profit. 2. Ratification and Remuneration of Cost Auditor. 3. Ratification of Employee Stock option Scheme 2010. 4. Ratification of Employee Stock option Scheme 2014.
3.	2014-15	September 24, 2015	Thursday	04:00 PM	2 (Two)	1. Initial public Offer & Offer for sale. 2. Increase in FII Limit.

During financial year ended March 31, 2018, none of the resolutions were passed by the Members through Postal ballot.

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

Report on Corporate Governance (Contd.)

5. DISCLOSURES:

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

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

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

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

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

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

(iv) Compliance with non-mandatory requirements (as on March 31, 2018)

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

(1) Shareholders' Rights

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

(2) Audit Qualifications

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

6. MEANS OF COMMUNICATION:

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

Report on Corporate Governance (Contd.)

7. GENERAL SHAREHOLDERS' INFORMATION

7.1	**Annual General Meeting:**		
	- Date and Time	August 8, 2018 at 11.00 A.M.	
	- Venue	Pune	
7.2	**Financial Calendar 2018-19 (Tentative):**	Annual General Meeting - (Next Year) Financial Reporting Results for quarter ending June 30, 2018 Results for quarter ending September 30, 2018 Results for quarter ending December 31, 2018 Results for year ending March 31, 2019 (Audited)	September, 2019 On or before August 14, 2018 On or before November 14, 2018 On or before February 14, 2019 On or before May 30, 2019
7.3	**Book Closure date:**	Thursday, August 2, 2018 to Wednesday, August 8, 2018 (both days inclusive) for Annual General Meeting.	
7.4	**Dividend Payment date:**	On or before August 31, 2018.	
7.5	**Unclaimed Shares:**	None	

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

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

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

7.8	**Stock Market Price Data**	**National Stock Exchange of India Ltd.(NSE)**		**BSE Limited (BSE)**	
		Month's High Price (In INR)	Month's Low Price (In INR)	Month's High Price (In INR)	Month's Low Price (In INR)
	April, 2017	263.30	236.90	263.20	237.05
	May, 2017	248.70	201.00	249.00	201.15
	June, 2017	223.90	205.25	223.80	205.25
	July, 2017	231.50	201.10	231.50	201.85
	August, 2017	217.00	172.20	217.00	172.75
	September, 2017	205.50	176.30	205.80	176.00
	October, 2017	198.10	178.55	198.75	178.05
	November, 2017	234.50	186.10	234.35	187.50
	December, 2017	332.70	224.05	332.45	224.60
	January, 2018	404.00	300.00	403.50	300.30
	February, 2018	349.50	290.55	349.25	286.60
	March, 2018	313.00	256.30	313.55	257.00

7.10 Registrar & 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

Report on Corporate Governance (Contd.)

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

7.12 Distribution of shareholding as at March 31, 2018:

By size of shareholding	Shareholders		Equity shares held	
Nominal Value(INR)	Number	Percentage (%)	Number	Percentage (%)
1 - 5000	46,823	94.79	3,406,389	4.84
5001 - 10000	1,148	2.33	9,40,454	1.34
10001 - 20000	644	1.30	1,014,750	1.44
20001 - 30000	248	0.50	635,736	0.90
30001 - 40000	111	0.22	400,165	0.57
40001 - 50000	86	0.17	407,146	0.58
50001 - 100000	170	0.34	1,293,785	1.84
100001 & Above	166	0.35	62,289,758	88.49
TOTAL	**49,396**	**100**	**70,388,183**	**100**

By category of shareholders	Equity Shares held	
	Number of Shares	Percentage (%)
Clearing Members	422,644	0.60
Other Bodies Corporate	2,232,381	3.17
Financial Institutions	53,451	0.07
Hindu Undivided Family	599,046	0.85
Nationalised Banks	25	0.00
Non Nationalised Banks	22,845	0.03
Foreign Nationals	1,000	0.00
Non Resident Indians	659,863	0.95
Non Resident (Non-Repatriable)	103,363	0.15
Public	9,611,050	13.65
Promoters	51,030,720	72.49
Trusts	700	0.00
Foreign Venture Capital	3,665,410	5.21
Foreign Portfolio Investors (Corporate)	1,985,685	2.83
TOTAL	**70,388,183**	**100**

7.13	**Dematerialisation of shares**	70,347,554 Nos of Shares have been dematerialised as on March 31, 2018 & 40,629 no. of Share were in Physical Form. Trading in equity shares of the Company is permitted only in dematerialized form.
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.

Report on Corporate Governance (Contd.)

8. OTHER INFORMATION

(a) Risk Management Framework:

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

(b) CEO and CFO Certification

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

(c) Code of Conduct

The Company has laid down a code of conduct for all Board members and senior management personnel of the Company. The code of conduct is available on the website of the Company.

General Disclosures

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

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

c. The Policy on Related Party Transactions and for determining Material Subsidiaries is disclosed and available in weblink of the Company i.e. www.quickheal.com/policies .

d. While preparing the annual accounts in respect of the financial year ended March 31, 2018, no accounting treatment was different from that prescribed in the Accounting Standards;

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

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

   Mr. Raghav Mulay, has been appointed as the Compliance Officer for the purpose of this Code.

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

To

The Members of Quick Heal Technologies Limited

I have examined the compliance of conditions of corporate governance by Quick Heal Technologies Limited, ("the Company") for the year ended on March 31, 2018, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the Company with stock exchanges.

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

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

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

For J B Bhave & Co.
Company Secretaries

Jayavant Bhave
Proprietor

FCS No. 4266
CP No. 3068

Place: Pune
Date: April 30, 2018

Compliance Certificate: Chief Executive Officer and Chief Financial Officer

A. We have reviewed financial statements and the cash flow statement for period April 1, 2017 to March 31, 2018 and that to the best of our knowledge and belief:

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

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

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period April 1, 2017 to March 31, 2018 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 April 1, 2017 to March 31, 2018;

2) significant changes in accounting policies during the period April 1, 2017 to March 31, 2018 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

Nitin Kulkarni
Chief Financial Officer

Place: Pune
Date: May 10, 2018

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 institutionalizing the decision making process and monitoring the exposures that are faced by QUICK HEAL, a formalized Enterprise Risk Management System (ERM) is being implemented on an Enterprise-Wide-Scale.

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

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

QUICK HEAL is committed to strive for:

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

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

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

OBJECTIVE OF RISK MANAGEMENT:

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

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

The Company also ensures that the regulatory requirements for a Risk Management System are complied with.

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-a'-vis the Objectives in the daily working or projects undertaken and identifying the learning for the future.

Risk Management Report (Contd.)

RISK ASSESSMENT:

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

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

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

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

RISK EVALUATION:

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

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

RISK TREATMENT/ACTION PLAN:

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

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

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

ESCALATION OF RISKS:

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

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

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

Independent Auditor's Report

To the Members of Quick Heal Technologies Limited

REPORT ON THE 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, 2018, 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 Ind AS 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 the Companies (Indian Accounting Standard) 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the 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, 2018, 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 33(c) to the consolidated Ind AS financial statements wherein it is stated that the company has received statements of demand of service tax under the provisions of the Finance Act, 1994 for INR 1,223.07 Million (excluding penalty of INR 626.97 Million, pre-deposit if any) for the period from March 01, 2011 to March 31, 2016. Our opinion is not qualified in respect of this matter.

Other Matter

We did not audit the financial statements and other financial information, in respect of five subsidiaries, whose Ind AS financial

Independent Auditor's Report (Contd.)

statements include total assets of INR 87.21 Million and net assets of INR 103.74 Million as at March 31, 2018, and total revenues of INR 46.05 and net cash outflows INR 52.32 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 Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the report of such other auditors.

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

Report on Other Legal and Regulatory Requirements

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

(a) We / the other auditors whose reports we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(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 the Companies (Indian Accounting Standard) Rules, 2015, as amended;

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

(f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 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, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

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

(h) 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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries as noted in the "Other Matter" paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position - Refer Note 33(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, 2018;

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, 2018;

iv. The disclosure with respect to holding of and dealings in Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018 and accordingly have not been reported by us, refer note 40(b) of the consolidated Ind AS financial statement.

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

per Tridevlal Khandelwal
Partner
Membership Number: 501160

Place of Signature: Pune
Date: May 10, 2018

Consolidated Balance Sheet
as at March 31, 2018

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

	Notes	As at March 31, 2018	As at March 31, 2017
Assets			
Non-current assets			
(a) Property, plant and equipment	5	1,611.97	1,782.23
(b) Capital work-in-progress		138.72	135.89
(c) Intangible assets	6	118.54	65.39
(d) Financial assets			
(i) Investments	7	175.75	66.66
(ii) Loans and security deposits	8	3.28	4.50
(iii) Other financial assets	9	2.92	1.83
(e) Deferred tax assets (net)	29	43.70	87.30
(f) Income tax assets (net)	14	33.90	198.67
(g) Other non-current assets	15	0.14	46.12
		2,128.92	**2,388.59**
Current assets			
(a) Inventories	10	56.24	79.40
(b) Financial assets			
(i) Investments	7	2,889.04	1,750.82
(ii) Trade receivables	11	1,030.88	971.83
(iii) Cash and cash equivalents	12	122.14	592.54
(iv) Bank balances other than (iii) above	13	1,507.24	1,501.16
(v) Loans and security deposits	8	8.72	6.21
(vi) Interest accrued	9	39.00	8.73
(c) Other current assets	15	24.96	35.96
		5,678.22	**4,946.65**
Total assets		**7,807.14**	**7,335.24**
Equity and liabilities			
Equity			
(a) Equity share capital	16	703.88	701.02
(b) Share application money pending allotment		-	0.06
(c) Other equity	17		
(i) Retained earnings		3,758.24	3,132.04
(ii) Securities premium account		2,327.92	2,297.36
(iii) Amalgamation reserve		26.45	26.45
(iv) General reserve		450.26	450.26
(v) Other reserves		(28.08)	9.42
Total equity		**7,238.67**	**6,616.61**
Liabilities			
Non-current liabilities			
(a) Net employee defined benefit liabilities	21	21.04	22.73
		21.04	**22.73**
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	18	327.06	408.96
(ii) Other financial liabilities	19	11.99	13.16
(b) Other current liabilities	20	132.60	136.25
(c) Net employee defined benefit liabilities	21	13.10	14.42
(d) Income tax liabilities (net)	22	62.68	123.11
		547.43	**695.90**
Total liabilities		**568.47**	**718.63**
Total equity and liabilities		**7,807.14**	**7,335.24**

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

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

per Tridevlal Khandelwal
Partner
Membership Number: 501160
Place: Pune
Date: May 10, 2018

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191
Place: Pune
Date: May 10, 2018

Sanjay Katkar
Managing Director
& Chief Technical Officer
DIN: 00397277
Place: Pune
Date: May 10, 2018

Nitin Kulkarni
Chief Financial Officer
Place: Pune
Date: May 10, 2018

Raghav Mulay
Company Secretary
Regs. No. ACS-25793
Place: Pune
Date: May 10, 2018

Consolidated Statement of Profit & Loss

for the year ended March 31, 2018

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

	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Income			
Revenue from operations	23	3,183.15	2,999.73
Other income	24	300.02	284.51
Total income		**3,483.17**	**3,284.24**
Expenses			
Cost of materials consumed	25 (a)	11.84	19.43
Purchase of security software products	25 (b)	99.18	128.56
(Increase) / decrease in security software products	25 (c)	18.46	(4.10)
Employee benefits expense	26	1,023.00	1,028.05
Depreciation and amortisation expense	27	269.27	309.44
Other expenses	28	827.26	926.35
Total expenses		**2,249.01**	**2,407.73**
Profit before exceptional items and tax		**1,234.16**	**876.51**
Exceptional items [Refer note 40 (c)]		-	37.80
Profit before tax		**1,234.16**	**838.71**
Tax expense			
Current tax	29		
Pertaining to profit for the current year		364.42	318.27
Adjustments of tax relating to earlier periods		-	(1.72)
Deferred tax		39.69	(10.11)
Total tax expense		**404.11**	**306.44**
Profit for the year		**830.05**	**532.27**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement of defined benefit plans		11.26	1.70
Income tax effect		(3.91)	(0.58)
		7.35	1.12
Net (loss) or gain on FVTOCI assets		(37.13)	(3.42)
Income tax effect		-	(0.03)
		(37.13)	(3.45)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(29.78)**	**(2.33)**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		-	(8.02)
Income tax effect		-	-
		-	(8.02)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		**-**	**(8.02)**
Total comprehensive income for the year		**800.27**	**521.92**
Earnings per equity share [nominal value per share INR 10 (March 31, 2017: INR 10)]	30		
Basic		11.82	7.60
Diluted		11.79	7.55

Summary of significant accounting policies 3

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

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

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

per Tridevlal Khandelwal
Partner
Membership Number: 501160

Place: Pune
Date: May 10, 2018

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191
Place: Pune
Date: May 10, 2018

Sanjay Katkar
Managing Director
& Chief Technical Officer
DIN: 00397277
Place: Pune
Date: May 10, 2018

Nitin Kulkarni
Chief Financial Officer

Place: Pune
Date: May 10, 2018

Raghav Mulay
Company Secretary

Regs. No. ACS-25793
Place: Pune
Date: May 10, 2018

Consolidated Cash Flow Statement
for the year ended March 31, 2018

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

	Year ended March 31, 2018	Year ended March 31, 2017
A. Cash flow from operating activities		
Profit before tax	1,234.16	838.71
Adjustment to reconcile profit before tax to net cash flows:		
Exceptional items	-	37.80
Net (gain) / loss foreign exchange differences	(2.99)	(6.84)
Employee share based payments expense	7.25	6.03
Depreciation and amortisation expense	269.27	309.44
Interest income	(101.28)	(185.38)
Provision for doubtful debts and advances	26.96	6.53
Bad debts (written back)/written off	3.92	(0.33)
Property, plant and equipment written off	-	3.65
Loss / (profit) on sale of property, plant and equipment (net)	(0.38)	(0.47)
Dividend income	(102.61)	(58.82)
Exchange difference on translation of foreign currency cash and cash equivalents	0.44	0.44
Net loss/(gain) on sale of investment	(2.30)	0.59
Net gain on FVTPL current investment	(5.13)	(22.18)
Operating profit before working capital changes	**1,327.31**	**929.17**
Movements in working capital:		
(Increase)/decrease in trade receivables	(86.94)	(55.39)
(Increase)/decrease in inventories	23.16	(12.71)
(Increase)/decrease in loans	(1.29)	26.00
(Increase)/decrease in other financial assets	(1.09)	4.68
(Increase)/decrease in other assets	15.21	(110.88)
Increase/(decrease) in net employee defined benefit liabilities	8.25	5.72
Increase/(decrease) in trade payables	(81.90)	(100.89)
Increase/(decrease) in other current liabilities	(3.65)	(24.51)
Cash generated from operations	**1,199.06**	**661.19**
Direct taxes paid (net of refunds)	(260.08)	(302.90)
Net cash flow from operating activities (A)	**938.98**	**358.29**
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress and capital advances)	(135.59)	(347.31)
Proceeds from sale of property, plant and equipment	1.16	4.28
Investments in non-current investments (other)	(146.23)	(30.00)
Purchase of current investments	(5,674.37)	(2,901.69)
Sale of current investments	4,543.58	2,285.67
(Increase)/decrease in bank balances other than cash and cash equivalents	(6.08)	22.14
Interest received	91.23	180.31
Dividends received	102.61	58.82
Net cash (used in) investing activities (B)	**(1,223.69)**	**(727.78)**

Consolidated Cash Flow Statement
for the year ended March 31, 2018 (Contd.)

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

	Year ended March 31, 2018	Year ended March 31, 2017
C. Cash flow from financing activities		
Dividend paid on equity shares	(175.27)	(175.01)
Tax on equity dividend paid	(35.72)	(35.64)
Proceeds from issuance of equity shares (including securities premium)	25.80	5.83
Share application money pending allotment	(0.06)	0.06
Net cash flow (used in) financing activities (C)	**(185.25)**	**(204.77)**
Net (decrease) in cash and cash equivalents (A+B+C)	**(469.96)**	**(574.26)**
Cash and cash equivalents at the beginning of the year	592.54	1,167.24
Effect of exchange differences on cash and cash equivalents held in foreign currency	(0.44)	(0.44)
Cash and cash equivalents at the end of the year	**122.14**	**592.54**
Components of cash and cash equivalents		
Cash on hand	0.48	0.61
Balances with banks		
On current account	116.13	185.42
On EEFC account	1.30	8.93
Unpaid dividend account	0.28	0.08
Deposits with original maturity of less than three months	-	397.50
Cheques on hand	3.95	-
Total cash and cash equivalents (refer note 12)	**122.14**	**592.54**

Summary of significant accounting policies 3

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

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

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

per Tridevlal Khandelwal
Partner
Membership Number: 501160

Place: Pune
Date: May 10, 2018

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191
Place: Pune
Date: May 10, 2018

Sanjay Katkar
Managing Director
& Chief Technical Officer
DIN: 00397277
Place: Pune
Date: May 10, 2018

Nitin Kulkarni
Chief Financial Officer

Place: Pune
Date: May 10, 2018

Raghav Mulay
Company Secretary

Regs. No. ACS-25793
Place: Pune
Date: May 10, 2018

Consolidated Statement of Changes in Equity
for the year ended March 31, 2018

A. Equity share capital

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

Equity shares of INR 10 each issued, subscribed and fully paid-up	No.	Amount
As at April 1, 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**
- Employee stock option plan (ESOP) (refer note 16)	285,978	2.86
As at March 31, 2018	**70,388,183**	**703.87**

B. Share application money pending allotment

	As at March 31, 2018	As at March 31, 2017
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	Foreign currency translation reserve	Equity instruments through Other comprehensive income	Total
Balance as at April 1, 2016	**2,291.14**	**10.08**	**26.45**	**450.26**	**2,809.39**	**1.47**	**4.42**	**5,593.21**
Profit for the year	-	-	-	-	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**
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	-	-	-	-	(35.65)		-	(35.65)
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**
Profit for the year	-	-	-	-	830.05	-	-	830.05
Other comprehensive income	-	-	-	-	7.35	-	(37.13)	(29.78)
Total comprehensive income	**-**	**-**	**-**	**-**	**837.40**	**-**	**(37.13)**	**800.27**

Consolidated Statement of Changes in Equity

for the year ended March 31, 2018 (Contd.)

	Securities premium account	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	-	7.25	-	-	-	-	-	7.25
Exercise of share options	30.56	(7.62)	-	-	-	-	-	22.94
Appropriations:								
Final equity dividend	-	-	-	-	(175.47)	-	-	(175.47)
Tax on final dividend	-	-	-	-	(35.72)	-	-	(35.72)
Balance as at March 31, 2018	**2,327.92**	**14.63**	**26.45**	**450.26**	**3,758.24**	**(6.55)**	**(36.16)**	**6,534.79**

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 10, 2018

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 10, 2018

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DIN: 00397277
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Nitin Kulkarni
Chief Financial Officer

Place: Pune
Date: May 10, 2018

Raghav Mulay
Company Secretary

Regs. No. ACS-25793
Place: Pune
Date: May 10, 2018

Notes Forming Part of Consolidated Financial Statements
for the year ended March 31, 2018

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, 2018 were authorised for issue in accordance with a resolution of the Board of Directors on May 10, 2018.

2. Basis of preparation

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

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

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

3. Summary of significant accounting policies

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

a) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

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

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

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

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

b) Current versus non-current classification

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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Significant accounting judgements, estimates and assumptions (Note 4)
- Quantitative disclosures of fair value measurement hierarchy (Note 42 and 43)
- Financial instruments risk management objectives and policies (Note 44)

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) and Goods and Service Tax (GST) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Accordingly, it is excluded from revenue. The following specific recognition criteria must also be met before revenue is recognized:

(i) Sale of security software products and devices

Revenue from the sale of 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.

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, Value Added Taxes (VAT) and GST on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

(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 and GST 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 "other 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 "other income" in the statement of profit and loss.

f) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside profit 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.

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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

Property, plant and equipment and capital work in progress are stated at cost net of accumulated depreciation and impairment losses, if any.

The cost comprises of the purchase price, and directly attributable costs of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Each part of item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery.

Capital work in progress comprises of the cost of property, plant and equipment that are not yet ready for their intended use as at the balance sheet date.

Depreciation on property, plant and equipment is calculated on a written down value (WDV) basis using the rates arrived at based on the useful lives estimated by the management. The Group has used the following rates to provide depreciation on its property, plant and equipment.

Type of assets	Schedule II life (years)	Useful lives estimated by the management (years)	Rates (WDV)
Buildings	60	60	4.87%
Computers	3	3	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

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.

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Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Group can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the asset;
- Its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of adequate resources to complete the development and to use or sell the asset;
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight-line basis over the period of expected future benefit from the related project, i.e., the estimated useful life. Amortization is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

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.

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.

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

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

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

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

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

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

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

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.

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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

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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 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.

(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

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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 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.

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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 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

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lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

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

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment

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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. 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 42 for further disclosures.

4(a) Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Ministry of Corporate Affairs ('MCA') has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

a) Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 was notified on March 28, 2018 with guidance to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Ind AS 115 is effective for the Company in the first quarter of fiscal 2019 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (April 1, 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements.

Sale of goods

For contracts with customers in which the sale of goods is generally expected to be the only performance obligation, adoption of Ind AS 115 is not expected to have any significant impact on Company's profit or loss. The Company expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

In preparing to adopt Ind AS 115, the Company is considering various other aspects in the same contracts such as elements of multiple element contract, volume rebates, terms of service delivery and other considerations in service sale agreements etc. While the management continue to believe that the impact of Ind AS 115 will not be material, a reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will not be possible once the implementation project has been completed.

b) Amendments to Ind 112 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in Ind AS 112

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

As the Company has not included in disposal group/ classified as held for sale any of its subsidiary, joint ventures or associate. Accordingly, the amendments in Ind AS 112 will not have any impact on the Company.

c) Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after April 1, 2018. These amendments are not expected to have any impact on the Company as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

d) Transfers of Investment Property - Amendments to Ind AS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

Notes Forming Part of Consolidated Financial Statements

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The amendments are effective for annual periods beginning on or after April 1, 2018. The Company will apply amendments when they become effective. Since the Company does not have any such transaction, this amendment does not have any effect of the financial statements of the Company.

e) Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the Appendix, or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after April 1, 2018. Since the Company does not have any such transaction, this amendment does not have any effect of the financial statements of the Company.

5. Property, plant and equipment

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

	Freehold land (refer note 1)	Leasehold premises	Buildings (refer note 2)	Computers and server	Office equipment	Electrical installations	Furniture and fixtures	Vehicles	Total
Cost (Gross) (refer note 3)									
At April 1, 2016 (refer note 3)	8.80	22.51	1,123.43	159.54	146.90	78.54	184.07	18.39	1,742.18
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**	**1,494.10**	**340.29**	**178.17**	**93.43**	**227.46**	**17.65**	**2,400.21**
Additions	-	-	-	56.14	1.26	1.73	7.24	-	66.38
Disposals/written-offs	-	-	-	1.03	0.83	-	0.34	2.14	4.35
At March 31, 2018	**26.63**	**22.48**	**1,494.10**	**395.40**	**178.60**	**95.16**	**234.36**	**15.51**	**2,462.24**
Depreciation (Gross) (refer note 3)									
At April 1, 2016	-	5.04	123.04	92.52	85.76	28.44	73.38	10.46	418.64
Depreciation charge for the year	-	0.99	63.92	59.99	41.94	15.98	38.15	2.79	223.76
Disposals/written-offs	-	-	-	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**
Depreciation charge for the year	-	0.91	63.61	96.85	28.24	13.02	31.38	1.85	235.86
Disposals/written-offs	-	-	-	0.60	1.24	-	0.38	1.35	3.57
At March 31, 2018	**-**	**6.94**	**250.57**	**237.15**	**143.49**	**57.32**	**142.52**	**12.28**	**850.27**
Net block									
At March 31, 2017	**26.63**	**16.45**	**1,307.14**	**199.39**	**61.68**	**49.13**	**115.94**	**5.87**	**1,782.23**
At March 31, 2018	**26.63**	**15.54**	**1,243.53**	**158.25**	**35.11**	**37.84**	**91.84**	**3.23**	**1,611.97**

Note:-

1. The value of land has been estimated based on the stamp duty valuation rate.
2. Additions of building includes office building (including share in undivided portion of land) taken on long term lease i.e. 999 years.
3. The Company had elected to continue with the carrying value of property, plant and equipment as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed cost on the date of transition (i.e. April 01, 2015). The Company has disclosed the gross block and accumulated depreciation above, for information purpose only. The total gross cost and corresponding total accumulated depreciation as at March 31, 2018 and March 31, 2017 as disclosed above should be adjusted (at least) by an amount of INR 228.49 (representing accumulated depreciation as at April 01, 2015) to compute the cost and accumulated depreciation as per IND AS. Such adjustment will have no impact on the net block as at March 31, 2018 and March 31, 2017.

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6. Intangible assets

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

	Software	Patent	Total
Cost (Gross) (refer note 1)			
At April 1, 2016	314.18	-	314.18
Purchase	56.97	0.37	57.34
Disposals	-	-	-
At March 31, 2017	**371.15**	**0.37**	**371.52**
Purchase	86.56	-	86.56
Disposals	-	-	-
At March 31, 2018	**457.71**	**0.39**	**458.08**
Amortisation (Gross) (refer note 1)			
At April 1, 2016	220.44	-	220.44
Amortisation for the year	85.60	0.09	85.69
Disposals	-	-	-
At March 31, 2017	**306.04**	**0.09**	**306.13**
Amortisation for the year	33.36	0.05	33.41
Disposals	-	-	-
At March 31, 2018	**339.40**	**0.14**	**339.54**
Net block			
At March 31, 2017	**65.11**	**0.28**	**65.39**
At March 31, 2018	**118.31**	**0.25**	**118.54**

1. The Company had elected to continue with the carrying value of intangible assets as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed cost on the date of transition (i.e. April 01, 2015). The Company has disclosed the gross block and accumulated amortisation above, for information purpose only. The total gross cost and corresponding total accumulated amortisation as at March 31, 2018 and March 31, 2017 as disclosed above should be adjusted (at least) by an amount of INR 174.39 (representing accumulated amortisation as at April 01, 2015) to compute the cost and accumulated amortisation as per IND AS. Such adjustment will have no impact on the net block as at March 31, 2018 and March 31, 2017.

7. Investments in others

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

	As at March 31, 2018	As at March 31, 2017
Non - current investments		
Investment carried at amortised cost		
Investment in tax free bonds		
7.35% Indian Railway Finance Corporation Limited Bonds	34.49	-
	34.49	**-**
Investments at fair value through profit and loss		
Investments in mutual funds (quoted)		
Investments in mutual funds	111.74	-
	111.74	-
Investments at fair value through OCI		
Investment in other equity shares (unquoted)		
4,472 (March 31, 2017: 4,472) equity shares of INR 10 each fully paid-up in Smartalyse Technologies Private Limited	66.66	66.66
Less: Fair value changes routed through OCI	(37.14)	-
	29.52	**66.66**
Investment in preference shares (unquoted)		
15,162 (March 31, 2017: 15,162) Compulsory Convertible Preference Shares of INR 10 each fully paid-up in Wegilant Net Solutions Private Limited	3.55	3.55
Less: Fair value changes routed through OCI	(3.55)	(3.55)
	-	**-**
	29.52	**66.66**
Total non - current investments	**175.75**	**66.66**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

7. Investments in others (Contd.)

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

	As at March 31, 2018	As at March 31, 2017
Current investments		
Investments at fair value through profit and loss		
Investments in mutual funds (quoted)		
Investments in mutual funds	2,889.04	1,750.82
Total current investments	**2,889.04**	**1,750.82**
Total non-current investments	**175.75**	**66.66**
Total current investments	**2,889.04**	**1,750.82**
Aggregate book value of quoted investments	3,000.78	1,750.82
Aggregate market value of quoted investments	3,000.78	1,750.82
Aggregate value of unquoted investments	64.01	66.66
Investments carried at amortised cost	34.49	-
Investments carried at fair value through profit or loss	3,000.78	1,750.82
Investments carried at fair value through other comprehensive income	29.52	66.66

8. Loans and security deposits

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

	As at March 31, 2018	As at March 31, 2017
Loans and security deposits (unsecured, considered good) (at amortised cost)		
Current		
Security deposits	8.72	6.18
Loan to staff	-	0.03
Loans (unsecured, considered good) (at fair value through profit and loss)		
Current		
Loan to Wegilant Net Solutions Private Limited*	-	-
Total current	**8.72**	**6.21**
Loans and security deposits (unsecured, considered good) (at amortised cost)		
Non - current		
Security deposits	3.28	4.50
Total non - current	**3.28**	**4.50**

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.

* The Group has identified an impairment of INR Nil (March 31, 2017: INR 35.00) on loan to Wegilant Net Solutions Private Limited. The impairment on FVTPL financial assets was recognised as an exceptional item in the statement of profit and loss for the year ended March 31, 2017.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

9. Other financial assets

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

	As at March 31, 2018	As at March 31, 2017
Current		
Interest accrued		
on bank balance	39.00	8.73
on loan to Wegilant Net Solutions Private Limited*	-	-
Total current	**39.00**	**8.73**
Non - current		
Bank balances		
Deposits with remaining maturity of more than twelve months	2.92	1.83
Total non - current	**2.92**	**1.83**
Other financial assets carried at amortised cost	41.92	10.56
Other financial assets carried at fair value through profit or loss	-	-
Other financial assets carried at fair value through other comprehensive income	-	-

Out of the total deposits, INR 2.92 (March 31, 2017: INR Nil) are pledged against bank guarantees.

* The Group has identified an impairment of INR Nil (March 31, 2017: INR 2.80) on interest accrued on loan to Wegilant Net Solutions Private Limited. The impairment on FVTPL financial assets was recognised as an exceptional item in the statement of profit and loss for the year ended March 31, 2017.

10. Inventories

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

	As at March 31, 2018	As at March 31, 2017
At lower of cost and net realisable value		
Raw materials - Security software devices [includes in transit of INR Nil (March 31, 2017: INR 0.13)]	8.71	35.05
Finished goods - Security softwares [includes in transit of INR Nil (March 31, 2017: INR 0.27)]	47.56	44.37
Less: Provision for non-moving inventory	(0.03)	(0.02)
Total	**56.24**	**79.40**

11. Trade receivables

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

	As at March 31, 2018	As at March 31, 2017
Trade receivables	1,030.88	971.83
Total	**1,030.88**	**971.83**

Break-up for security details:

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

	As at March 31, 2018	As at March 31, 2017
Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	1,030.88	971.83
Doubtful	245.24	221.28
Total	**1,276.12**	**1,193.11**
Impairment allowed (allowed for bad and doubtful debts)		
Unsecured, considered good	-	-
Doubtful	(245.24)	(221.28)
	(245.24)	**(221.28)**
Total	**1,030.88**	**971.83**

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non interest bearing and generally on credit terms of 30 to 60 days.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

12. Cash and cash equivalents

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

	As at March 31, 2018	As at March 31, 2017
Balances with banks:		
On current account	116.13	185.42
On EEFC account	1.30	8.93
Unpaid dividend account	0.28	0.08
Deposits with original maturity of less than three months	-	397.50
Cheques on hand	3.95	-
Cash on hand	0.48	0.61
Total	**122.14**	**592.54**

13. Other bank balances

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

	As at March 31, 2018	As at March 31, 2017
Bank balances		
Deposits with remaining maturity of less than twelve months	1,507.24	1,501.16
Total	**1,507.24**	**1,501.16**

Out of the total deposits, INR 2.24 (March 31, 2017: INR 1.64) are pledged against bank guarantees.

14. Non-current tax assets (net)

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

	As at March 31, 2018	As at March 31, 2017
Advance tax (net of provision for tax)	33.90	198.67
Total	**33.90**	**198.67**

15. Others assets

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

	As at March 31, 2018	As at March 31, 2017
Current (unsecured, considered good)		
Prepaid expenses	16.12	20.78
Balances with government authorities	1.43	2.38
Advance to suppliers	5.10	9.54
Advance to employees	0.56	1.02
Other assets	1.75	2.24
Total current	**24.96**	**35.96**
Non - current (unsecured, considered good)		
Interest accrued on income tax refund	0.09	20.31
Prepaid expenses	0.05	1.26
Non - current (unsecured, considered doubtful)		
Capital advances	3.00	24.55
Less: provision for doubtful capital advances	(3.00)	-
Advance to suppliers	6.38	6.38
Less: provision for doubtful advances	(6.38)	(6.38)
Total non - current	**0.14**	**46.12**
Total current	**24.96**	**35.96**
Total non - current	**0.14**	**46.12**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

16. Equity share capital

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

	As at March 31, 2018	As at March 31, 2017
Authorized shares		
75,000,000 (March 31, 2017: 75,000,000) equity shares of INR 10 each	750.00	750.00
	750.00	**750.00**
Issued, subscribed and fully paid-up shares		
70,388,183 (March 31, 2017: 70,102,205) equity shares of INR 10 each	703.88	701.02
Total issued, subscribed and fully paid-up share capital	**703.88**	**701.02**

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

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

	As at March 31, 2018		As at March 31, 2017	
	No.	INR	No.	INR
At the beginning of the year	70,102,205	701.02	70,030,028	700.30
Issued during the year				
- Employee stock option plan (ESOP)	285,978	2.86	72,177	0.72
Outstanding at the end of the year	**70,388,183**	**703.88**	**70,102,205**	**701.02**

(b) Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in ensuing Annual General Meeting.

The Board of Directors, in their meeting on May 12, 2017, proposed a final dividend of INR 2.50 per equity share and the same was approved by the shareholders at the Annual General Meeting held on August 11, 2017. The amount was recognized as distributions to equity shareholders during the year ended March 31, 2018 and the total appropriation was INR 211.19 including dividend distribution tax.

The Board of Directors, in their meeting on May 10, 2018, have proposed a final dividend of INR 3 per equity share for the financial year ended March 31, 2018. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held and if approved would result in a cash outflow of approximately INR 254.15 including dividend distribution tax.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.

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

None.

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

	As at March 31, 2018	As at March 31, 2017
	Nos.	Nos.
Equity shares allotted as fully paid up bonus shares by utilisation of securities premium and surplus in statement of profit and loss during the financial year ended March 31, 2014	53,435,977	53,435,977
Equity shares allotted under scheme of amalgamation during the financial year ended March 31, 2012*	-	11,588

* Refer note on Amalgamation reserve in note 17.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

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

	As at March 31, 2018		As at March 31, 2017	
	Nos.	% holding	Nos.	% holding
Equity shares of INR 10 each fully paid-up				
Kailash Katkar	20,511,384	29.14%	20,511,384	29.26%
Sanjay Katkar	20,511,384	29.14%	20,511,384	29.26%
Anupama Katkar	5,003,976	7.11%	5,003,976	7.14%
Chhaya Katkar	5,003,976	7.11%	5,003,976	7.14%
Sequoia Capital India Investment Holdings III	3,665,410	5.21%	3,665,410	5.23%

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.

17. Other equity

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

	As at March 31, 2018	As at March 31, 2017
(a) Retained earnings		
Balance as at the beginning of the year	3,132.04	2,809.39
Add: Amount transferred from surplus balance in the statement of profit and loss	837.40	533.39
Less: Appropriations		
Final equity dividend [amount per share INR 2.50 (March 31, 2017: INR 2.50)]	175.47	175.09
Tax on final dividend	35.72	35.64
Balance as at end of the year	**3,758.24**	**3,132.04**
(b) Securities premium account		
Balance as at the beginning of the year	2,297.36	2,291.14
Add: Additions on ESOPs exercised	22.94	5.11
Add: Additions on fresh issue of equity shares	-	-
Add: Transferred from ESOP account	7.62	1.11
Balance as at end of the year	**2,327.92**	**2,297.36**
(c) Amalgamation reserve		
Balance as at the beginning of the year	26.45	26.45
Add: Additions during the year	-	-
Balance as at end of the year	**26.45**	**26.45**
(d) General reserve		
Balance as at the beginning of the year	450.26	450.26
Add: Amount transferred from surplus balance in the statement of profit and loss	-	-
Balance as at end of the year	**450.26**	**450.26**
(e) Other reserve		
(i) ESOP account		
Balance as at the beginning of the year	15.00	10.08
Add: Additions during the year	7.25	6.03
Less: Transfer to securities premium on exercise of stock options	(7.62)	(1.11)
Balance as at end of the year	**14.63**	**15.00**
(ii) FVTOCI reserve		
Balance as at the beginning of the year	0.97	4.42
Add: Additions during the year	(37.13)	(3.45)
Balance as at end of the year	**(36.16)**	**0.97**
(iii) Foreign currency translation reserve		
Balance as at the beginning of the year	(6.55)	1.47
Add: Additions during the year	-	(8.02)
Balance as at end of the year	**(6.55)**	**(6.55)**
Total (i+ii+iii)	**(28.08)**	**9.42**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

Employee stock options outstanding account

The Group has two employee stock option schemes under which options to subscribe for the Holding company's shares have been granted to certain executives and senior employees. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer note 32 for further details of these plans.

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 01, 2010, the Appointed Date. The Group completed the process of amalgamation on May 2, 2011 on filing of above Court Orders with the Registrar of Companies. Accordingly, an amount of INR 26.45 was recorded as amalgamation reserve.

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

Distribution made and proposed to be made	Year ended March 31, 2018	Year ended March 31, 2017
Cash dividends on equity shares declared and paid:		
Final cash dividend for the year ended on March 31, 2017: INR 2.50 per share (March 31, 2016: INR 2.50 per share)	175.47	175.09
Dividend distribution tax on proposed dividend	35.72	35.64
Proposed dividend on equity shares:		
Final cash dividend for the year ended on March 31, 2018: INR Nil (March 31, 2017: INR 2.50 per share)	211.16	175.26
Dividend distribution tax on proposed dividend	42.99	35.68

18. Trade payables

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

	As at March 31, 2018	As at March 31, 2017
Total outstanding dues to micro enterprises and small enterprises (refer note 34)	-	-
Total outstanding dues to others*	327.06	408.96
Total	**327.06**	**408.96**

* Includes amount payables to independent directors (refer note 39)

19. Other current financial liabilities

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

	As at March 31, 2018	As at March 31, 2017
Other financial liabilities at amortised cost		
Payables for purchases of fixed assets	11.71	13.08
Unpaid dividend	0.28	0.08
Total	**11.99**	**13.16**

20. Other current liabilities

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

	As at March 31, 2018	As at March 31, 2017
Advances from customers	1.49	1.83
Deferred revenue	17.80	69.77
Tax deducted at source payable	17.31	24.89
GST / Sales tax / Vat payable	90.96	34.43
Other liabilities (includes provident fund and other taxes)	5.04	5.33
Total	**132.60**	**136.25**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

Terms and conditions of the above financial and other liabilities:

- Trade payables are non-interest bearing and have an average term of 60 days.
- Payables for purchases of fixed assets are non interest bearing and have an average term of 90 days.
- Other liabilities (other than taxes) are non interest bearing and have an average term of 45 days.
- Taxes such as tax deducted at source and goods and service tax / sales tax / Vat payable, provident fund and other taxes are non interest bearing and are generally paid within the due date.

21. Net employee defined benefit liabilities

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

	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits		
Current		
Provision for gratuity (refer note 31)	6.50	5.00
Provision for leave benefits	6.60	9.42
Total	**13.10**	**14.42**
Non - current		
Provision for gratuity (refer note 31)	21.04	22.73
Total	**21.04**	**22.73**
Total current	**13.10**	**14.42**
Total non - current	**21.04**	**22.73**

22. Current tax liabilities

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

	As at March 31, 2018	As at March 31, 2017
Current tax liabilities (net of advance tax)	62.68	123.11
Total	**62.68**	**123.11**

23. Revenue from operations (net)

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

	Year ended March 31, 2018	Year ended March 31, 2017
Sale of security software products	3,169.05	2,993.10
Sale of software support services	14.10	6.63
Total	**3,183.15**	**2,999.73**

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

	Year ended March 31, 2018	Year ended March 31, 2017
Details of products sold		
Security software licenses	3,128.26	2,955.06
Security software devices - Unified Threat Management (UTM)	40.79	38.04
Total	**3,169.05**	**2,993.10**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

24. Other income

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

	Year ended March 31, 2018	Year ended March 31, 2017
Interest income on		
Bank deposits	100.55	157.23
Income tax refund	0.73	28.07
Others	-	0.08
Dividend income on current investments	102.61	58.82
Net gain on sale of current investments	2.30	-
Profit on sale of fixed assets (net)	0.38	0.47
Foreign exchange gains (net)	2.99	-
Fair value gain on financial instruments at fair value through profit and loss *	5.13	22.18
Bad debts written back	-	0.33
Service tax credit	65.96	-
Miscellaneous income	19.37	17.33
Total	**300.02**	**284.51**

* 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

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

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Cost of materials consumed		
Inventory at the beginning of the year	35.05	26.42
Add: Purchases	7.12	28.06
Less: Inventory as at end of the year	30.33	35.05
Sub-total	**11.84**	**19.43**
(b) Purchase of security software products		
Security software products	99.18	128.56
Sub-total	**99.18**	**128.56**
(c) (Increase)/decrease in security software products		
Inventory at the beginning of the year	44.37	40.27
Less: Inventory as at end of the year	25.91	44.37
Sub-total	**18.46**	**(4.10)**
Total	**129.48**	**143.89**

Details of raw materials consumed

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

	Year ended March 31, 2018	Year ended March 31, 2017
Security software devices - Unified Threat Management (UTM)	11.84	19.43
	11.84	**19.43**

Details of inventory

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

	As at March 31, 2018	As at March 31, 2017
Raw materials		
Security software devices - Unified Threat Management (UTM)	30.33	35.05
	30.33	**35.05**
Finished goods		
Security software products	25.91	44.37
	25.91	**44.37**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

26. Employee benefits expense

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

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, wages and bonus	940.67	955.86
Contribution to provident and other funds	30.96	30.25
Gratuity expenses (refer note 31)	19.78	14.73
Staff welfare expenses	24.34	21.18
Employee share based payment expenses (refer note 32)	7.25	6.03
Total	**1,023.00**	**1,028.05**

27. Depreciation and amortisation expense

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

	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation on property, plant and equipment (refer note 5)	235.86	223.76
Amortisation of intangible assets (refer note 6)	33.41	85.69
Total	**269.27**	**309.44**

28. Other expenses

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

	Year ended March 31, 2018	Year ended March 31, 2017
Web publishing expenses	29.59	73.05
Technology subscription charges	18.88	56.95
Fees for technical services	92.53	100.08
Power and fuel	39.26	38.31
Rent (refer note 33(a))	21.69	30.64
Rates and taxes	13.03	13.22
Insurance	8.45	5.25
Repairs and maintenance		
Buildings	12.94	14.61
Others	18.52	22.80
Corporate Social Responsibility (CSR) expenditure (refer note 38)	10.83	14.00
Commission to independent directors (refer note 39)	2.60	2.35
Directors' sitting fees	0.90	1.02
Business promotion expenses	109.20	37.88
Advertisement and sales promotion	190.35	172.05
Freight and forwarding charges	8.31	5.89
Travelling and conveyance	28.97	48.60
Communication costs	50.74	58.47
Office expenses	46.05	55.48
Donations	-	0.49
Legal and professional fees	75.30	142.78
Foreign exchange loss (net)	-	1.17
Fixed assets written off	-	3.65
Provision for doubtful debts and advances	26.96	6.53
Net loss on sale of current investments	-	0.59
Bad debts written off	3.92	-
Miscellaneous expenses	18.24	20.49
Total	**827.26**	**926.35**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

29. Income tax

The major components of income tax expense for the years ended March 31, 2018 and March 31, 2017 are:

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

Statement of profit and loss section	March 31, 2018	March 31, 2017
Current income tax:		
Current income tax charge	364.42	318.27
Adjustment in respect of current tax of previous years	-	(1.72)
Deferred tax:	-	
Relating to origination and reversal of temporary differences	39.69	(10.11)
Income tax expense reported in the statement of profit and loss	**404.11**	**306.44**
OCI Section		
Deferred tax related to items recognised in OCI during the year		
Net loss/(gain) on actuarial gains and losses	3.91	0.58
Net loss/(gain) on FVTOCI investments	-	0.03
Income tax charged to OCI	**3.91**	**0.61**

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

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

	March 31, 2018	March 31, 2017
Accounting profit before tax	**1,234.16**	**838.71**
At India's statutory income tax rate of 34.608% (March 31, 2017: 34.608%)	427.12	290.26
Unrealised loss on mutual fund	-	15.74
CSR expenditure	1.87	4.85
Dividend income	(35.51)	(20.36)
Tax in respect of earlier years	-	(1.72)
Deferred tax on investment at different rates	(0.03)	1.46
Other non-deductible expenses	(1.51)	(2.37)
Long - term capital gain on sale of investments in mutual fund	-	(4.14)
Fair value for employee stock options	-	1.69
Enterprises tax at foreign subsidiaries	0.74	0.71
Deferred tax asset on losses and unrealised profits not recognised	11.43	310.58
At the effective income tax rate of 32.744% [March 31, 2017: 34.608%]	**404.11**	**306.44**
Income tax expense reported in the statement of profit and loss	**404.11**	**306.44**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

29. Income tax (contd.)

Deferred tax relates to the following:

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

	Balance sheet		Statement of profit and loss	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Accelerated depreciation for tax purposes	(60.09)	(35.68)	24.41	(3.00)
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	17.40	30.49	13.09	(6.38)
Provision for doubtful debts and advances	87.22	78.79	(8.43)	(2.26)
Deferred revenue	6.15	19.96	13.81	(0.83)
Investment in mutual fund	(1.10)	(4.29)	(3.19)	2.36
Investment in Smartalyse Technologies Private Limited	(1.54)	(1.54)	-	-
Deferred tax on gratuity expense, recycled from profit and loss to other comprehensive income	(4.34)	(0.43)	-	-
Net deferred tax expense / (income)	**-**	**-**	**39.69**	**(10.11)**
Net deferred tax assets / (liabilities)	**43.70**	**87.30**	**-**	**-**

Reflected in the balance sheet as follows:

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

	March 31, 2018	March 31, 2017
Deferred tax liabilities	(67.07)	(41.94)
Deferred tax assets	110.77	129.24
Deferred tax assets, net	**43.70**	**87.30**

Reconciliation of deferred tax assets, net

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

	March 31, 2018	March 31, 2017
Opening balance as of April 1	87.30	77.80
Tax (income) during the period recognised in statement of profit and loss	39.69	(10.11)
Tax expense during the period recognised in OCI	3.91	0.61
Closing balance	**43.70**	**87.30**

The unused tax losses are incurred by the subsidiaries, which are not likely to generate taxable income in the foreseeable future. The losses can be carried forward for a period as per local laws applicable to the respective subsidiaries.

Unrecognised temporary difference

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

	March 31, 2018	March 31, 2017
Temporary difference relating to investment in subsidiaries for which deferred tax asset have not been recognised:		
- Undistributed losses (Note 1)	152.26	172.27
Deferred tax asset relating to above	52.69	59.62
- Unrealised profits on inventory (Note 2)	9.86	11.73
Deferred tax asset relating to above	2.26	2.68
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)	(6.55)
Deferred tax liability / (Asset) relating to above	(2.27)	(2.27)

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

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, 2018 and March 31, 2017, the parent Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax ('DDT') to the taxation authorities. The group believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

30. Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on exercise of stock option.

The following reflects the income and share data used in the basic and diluted EPS computations:

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

		Year ended March 31, 2018	Year ended March 31, 2017
Net profit after tax attributable to equity shareholders of the Company	(A)	830.05	532.27
Weighted average number of equity shares in calculating basic EPS	(B)	70,226,215	70,054,699
Effect of dilution:			
Stock options granted under ESOP (in numbers)	(C)	175,830	410,529
Weighted average number of equity shares adjusted for the effect of dilution*	D=(B+C)	70,402,045	70,465,228
Basic earning per share of face value of INR 10 each (in INR)	**(A/B)**	**11.82**	**7.60**
Diluted earnings per share of face value of INR 10 each (in INR)	**(A/D)**	**11.79**	**7.55**

* There have been no transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of these financial statements.

31. Gratuity benefit plans

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

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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

31. Gratuity benefit plans (COntd.)

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and the amounts recognised in the balance sheet for the gratuity plan.

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

	Year ended March 31, 2018	Year ended March 31, 2017
Statement of profit and loss:		
Current service cost	16.22	13.28
Past service cost	1.95	-
Net interest income / (expense)	1.61	1.45
Net benefit expense recognised in the statement of profit and loss	**19.78**	**14.73**
Amount recorded in other comprehensive income:		
Measurement during the period due to:		
Actuarial gain / (loss) arising from change in financial assumptions on plan assets	(0.23)	(0.19)
Actuarial gain / (loss) arising on account of experience changes on plan assets	0.74	0.42
Actuarial gain / (loss) arising on account of experience changes on plan liabilities	5.31	(2.83)
Actuarial gain / (loss) arising on account of demographic changes on plan liabilities	1.92	-
Actuarial gain / (loss) arising on account of financial assumptions on plan liabilities	3.52	4.30
Total amount recognised in OCI	**11.26**	**1.70**

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

	As at March 31, 2018	As at March 31, 2017
Reconciliation of net (liability) / asset:		
Opening net defined benefit (liability) / asset	(27.73)	(23.34)
Expense charged to statement of profit and loss	(19.78)	(14.73)
Amount recognised in OCI	11.26	1.70
Employer contribution	9.52	9.39
Mortality charges and taxes	(0.81)	(0.75)
Closing net defined benefit (liability)	**(27.54)**	**(27.73)**
Changes in the present value of the defined benefit obligation (DBO) are as follows:		
Opening DBO	(59.66)	(47.32)
Interest cost	(3.71)	(3.57)
Current service cost	(16.22)	(13.28)
Past service cost	(1.95)	-
Benefits paid	13.35	3.04
Remeasurement during the period due to:		
Actuarial gain / (loss) arising on account of experience changes on plan liabilities	5.31	(2.83)
Actuarial (loss) / gain arising from change in demographic assumptions	1.92	-
Actuarial gain / (loss) arising on account of experience changes	3.52	4.30
Closing defined benefit (obligation) / asset recognised in balance sheet	**(57.44)**	**(59.66)**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

31. Gratuity benefit plans (Contd.)

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

	As at March 31, 2018	As at March 31, 2017
Changes in the fair value of plan assets:		
Opening fair value of plan assets	31.93	23.98
Interest income	2.10	2.12
Contributions by employer	9.52	9.39
Mortality charges and taxes	(0.81)	(0.75)
Benefits paid	(13.35)	(3.04)
Actuarial gain / (loss) arising from change in financial assumptions on plan assets	(0.23)	(0.19)
Actuarial gain / (loss) arising on account of experience changes on plan assets	0.74	0.42
Closing fair value of plan assets	**29.90**	**31.93**
Actual return on plan assets	**2.61**	**2.35**
Net defined benefit liability		
DBO	(57.44)	(59.66)
Fair value of plan assets	29.90	31.93
Closing net defined benefit liability	**(27.54)**	**(27.73)**
Net liability is bifurcated as follows:		
Current*	**(6.50)**	**(5.00)**
Non - current	**(21.04)**	**(22.73)**

* The Holding Company expects to contribute INR 6.50 (March 31, 2017: INR 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:

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

	As at March 31, 2018	As at March 31, 2017
(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:

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

	As at March 31, 2018	As at March 31, 2017
Discount rate	7.40%	7.00%
Employee turnover	22.00%	15.00%
Expected rate of increment in compensation levels		
- First two years	10.00%	12.00%
- Thereafter	8.00%	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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

31. Gratuity benefit plans (Contd.)

A quantitative sensitivity analysis for significant assumptions as at March 31, 2018 and March 31, 2017 is shown below:

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

	Sensitivity Level	Defined benefit obligation	
		As at March 31, 2018	As at March 31, 2017
Discount rate	1% decrease	59.95	56.20
	1% increase	55.22	63.64
Future salary increase	1% decrease	55.80	62.44
	1% increase	59.26	57.14
Withdrawal rate	1% decrease	57.54	59.50
	1% increase	57.44	59.93

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:

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

	As at March 31, 2018	As at March 31, 2017
Within the next 12 months (next annual reporting period)	9.40	5.52
Between 2 and 5 years	41.19	35.71
Beyond 5 years	56.32	71.49
Total expected payments	**106.91**	**112.72**

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

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

	As at March 31, 2018	As at March 31, 2017
Weighted average duration of defined benefit plan obligation	6.36 years	9 years

32. Share based arrangements

Share based payment arrangement 2010

On June 10, 2010, the Board of Directors approved the Equity Settled Share Based Payment Arrangement (SBPA), for issue of stock options to the employees and directors of the Company. According to the SBPA 2010, the employee selected by the Board of Directors from time to time will be entitled for scheme options, subject to satisfaction of the prescribed vesting conditions, viz., continued employment and performance parameters of employee. The contractual life (comprising the vesting period and the exercise period) of options and the other relevant terms of the grant are as below:

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

Particulars	Details
Date of grant	June 10, 2010
Date of board approval	June 10, 2010
Date of shareholder's approval	June 10, 2010
Method of settlement	Equity
Vesting period	4 years
Exercise period	5 years from date of vesting
Expected life (in years)	
Grant I	5.85 - 7.35
Grant II	4.53 - 6.50
Grant III	3.95 - 6.50
Fair value of shares on date of grant	INR 37.50 - INR 115.24
Vesting conditions	Continued employment and performance of employee as per contract

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

32. Share based arrangements (contd.)

The vesting pattern of scheme is as follows:

Time period from the date of grant	Cumulative percentage of share vesting
12 months	25%
24 months	50%
36 months	75%
48 months	100%

The details of activities under the scheme have been summarized below:

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

	Year ended March 31, 2018		Year ended March 31, 2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	287,117	69.89	345,993	69.91
Granted during the year	-	-	-	-
Forfeited during the year	22,162	100.32	25,018	103.24
Exercised during the year	164,294	74.52	33,858	45.53
Expired during the year	-	-	-	-
Outstanding at the end of the year	100,661	55.96	287,117	69.89
Exercisable at the end of the year	13,500	45.23	215,117	58.13

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

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

	As at March 31, 2018	As at March 31, 2017
Exercise price	37.50 - 110.00	37.50 - 110.00
Number of options outstanding (numbers)	100,661	287,117
Weighted average remaining contractual life of options (in years)	3.14	2.85
Weighted average exercise price	55.96	69.89

The weighted average share price at the date of exercise of these options, as at March 31, 2018 was INR 214.61.

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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

32. Share based arrangements (contd.)

Share based payment arrangement 2014

On February 6, 2014, the board of directors approved the Equity Settled ESOP Scheme 2014 ("ESOP Scheme 2014") for issue of stock options to the employees and directors of the Company. According to the ESOP 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)	3.95 - 6.50
Grant IV	3.64 - 6.50
Grant V	3.50 - 6.50
Grant VI	3.50 - 6.50
Grant VII	3.50 - 6.50
Grant VIII	3.50 - 6.50
Grant IX	3.50 - 6.50
Grant X	3.64 - 6.64
Grant XI	3.50 - 6.51
Grant XII	3.76 - 6.76
Fair value of shares on date of grant	INR 115.24 - INR 206.45
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:

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

	Year ended March 31, 2018		Year ended March 31, 2017	
	Number of options	Weighted average exercise price (INR)	Number of options	Weighted average exercise price (INR)
Outstanding at the beginning of the year	566,547	152.64	481,325	112.16
Granted during the year	30,000	202.88	183,000	237.40
Forfeited during the year	78,498	118.09	59,459	112.00
Exercised during the year	121,684	111.38	38,319	112.00
Expired during the year	-	-	-	-
Outstanding at the end of the year	396,365	175.95	566,547	152.64
Exercisable at the end of the year	286,100	111.09	98,597	111.32

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

32. Share based arrangements (contd.)

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

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

	As at March 31, 2018	As at March 31, 2017
Exercise price (INR)	110.00 - 237.40	110.00 - 237.40
Number of options outstanding	396,365	566,547
Weighted average remaining contractual life of options (in years)	4.24	5.93
Weighted average exercise price (INR)	175.95	152.64

The weighted average share price at the date of exercise of these options, as at March 31, 2018 was INR 222.48

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

Manner in which the fair value of the stock option granted during the period was determined:

The weighted average fair value of stock options granted during the year was INR 65.26 (March 31, 2017: INR 82.59). The Black and Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

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

	As at March 31, 2018	As at March 31, 2017
Weighted average share price (INR)	202.88	249.63
Exercise price (INR)	179.70	237.40
Expected volatility (%)	27%	29%
Historical volatility (%)	0%	0%
Life of the options granted (vesting and exercise period) (in years)	3.76 - 6.76 years	3.64 - 6.64 years
Average risk-free interest rate (%)	6.62%	6.61%
Dividend yield	1.21%	1.05%

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

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

	Year ended March 31, 2018	Year ended March 31, 2017
Expense arising from equity settled share based payment transaction	7.25	6.03

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

33. Commitments and contingencies

a. Operating lease - Company as a lessee

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

The lease rentals charged during the year is as under:

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

	Year ended March 31, 2018	Year ended March 31, 2017
Lease rentals recognised during the year	21.69	30.64

Future minimum rentals payable under non-cancellable operating lease:

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

	As at March 31, 2018	As at March 31, 2017
Within one year	1.05	1.80
After one year but not more than five years	-	1.05
More than five years	-	-
Total	**1.05**	**2.85**

Finance lease - Company as a lessee

The Group has finance leases contracts for building purchased during the financial year ended March 31, 2015. These leases involve upfront payment to the lessor as and by way of premium for grant of lease of the building by the lessor to the lessee. No lease rent was payable by the lessee to the lessor for grant of lease from lessee. There is no escalation clause and no minimum lease payments (MLP) under finance lease.

b. Commitments

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

	As at March 31, 2018	As at March 31, 2017
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided, net of advances	2.18	122.86
Other commitments:		
Commitments in relation to services	2.42	-

c. Contingent liabilities

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

	As at March 31, 2018	As at March 31, 2017
Claims against the Company not acknowledged as debts		
Service tax [Note (i)]	1,223.07	846.06
Kerala Value added tax [Note (ii)]	-	0.15
Total	**1,223.07**	**846.21**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

i) During the previous year and earlier years, the Company has received three statement of demands of service tax under the provisions of Finance Act, 1994 for INR 1,223.07 Million (excluding penalty of INR 626.97 Million and predeposit if any) covering the period from March 01, 2011 to March 31, 2016 on supply of anti-virus software in Compact Disk. The Company had filed an appeal with Customs, Excise and Service Tax Appellate Tribunal, New Delhi for the period March 01, 2011 to March 31, 2014 and with the Customs, Excise and Service Tax Appellate Tribunal, Mumbai for the period April 01, 2014 to March 31, 2015. Based on technical circular issued by the government authorities and an independent legal opinion, the Company is confident of getting this claim set aside and accordingly no provision for liability has been recognised in the financial statements and the demand has been disclosed as contingent liability.

ii) During the year ended March 31, 2015, the Company had received a notice of demand of VAT in the state of Kerala for INR 0.15 (VAT liability INR 0.13, Interest INR 0.02 and excluding penalty) in relation to stock transfers of anti-virus products transferred to Branch. The Company had appealed the same before the first level appellate authority in previous year. During the year ended March 31, 2018, the hearing was completed and appeal filed by the Company was dismissed by the first level appelate authority, accordingly management has provided for VAT liability, interest and penalty in the books of accounts.

d. Other litigations

i) During the previous 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 INR 16,100 for various reasons including loss of business profits, loss of capital assets & infrastructure etc. With respect to the above matters, the Company believes that the 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. The said writ petition was dismissed by Honorable Himachal Pradesh High Court vide order dated March 23, 2018.

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, 2018 (March 31, 2017: Nil) that need to be disclosed pertaining to Micro and Small Enterprises under MSMED Act, 2006. As at March 31, 2018 and March 31, 2017, the disclosure has been made on the basis of intimation provided by the supplier to the Company.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

35. 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, 2018	As at March 31, 2017
Wegilant Net Solutions Private Limited	14% p.a.	12 months from date of loan given	Unsecured	-	-

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

The amount due amounting to INR 35 (March 31, 2017 INR 35) has been provided for by the Company.

36. Utilisation of money raised through public issue

During the year ended March 31, 2016, the Company has raised INR 4,512.53 through public issue, specifically to meet the following objects of the Offer. The utilisation of IPO proceeds during the year ended March 31, 2018 and March 31, 2017 against the following objects of the Offer is as follows:

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

	Fund allocated to the activities as per prospectus	Actual utilisation up to March 31, 2018	Unutilised money as on March 31, 2018	Actual utilisation up to March 31, 2017	Unutilised money as on March 31, 2017
Advertising and sales promotion	1,110.00	319.30	790.70	88.76	1,021.24
Capital expenditure on research and development	418.80	308.94	109.86	232.22	186.58
Purchase, development and renovation of office premises in Kolkata, Pune and New Delhi	275.95	188.72	87.23	57.29	218.66
General corporate purposes	537.76	133.53	404.23	80.12	457.64
Total	**2,342.51**	**950.49**	**1,392.02**	**458.39**	**1,884.12**

37. Details of investments made from unutilized portion of public issue raised during the year ended:

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

	As at March 31, 2018	As at March 31, 2017
Investments in fixed deposits of banks	1,405.00	1,897.50
Balance in current accounts	0.87	0.47
Total *	**1,405.87**	**1,897.97**

* includes in March 31, 2018: INR 13.85 (March 31, 2017: INR 13.85) spent by the Company from bank accounts other than the IPO account.

38. Corporate Social Responsibility expenditure

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

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Gross amount required to be spent by the Company during the year	17.97	18.79

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

(b) Amount spent during the year	Year ended March 31, 2018			Year ended March 31, 2017		
	Paid	Yet to be paid	Total	Paid	Yet to be paid	Total
1. For the purpose of education and social activity	10.83	-	10.83	14.00	-	14.00

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

39. 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 (upto October 12, 2017)
	Vijay Mhaskar, Chief Operating Officer
	Rajesh Ghonasgi, Chief Financial Officer (upto February 28, 2018)
	Nitin Kulkarni, Chief Financial Officer (w.e.f. May 10, 2018)
	Vijay Shirode, Company Secretary (upto June 30, 2017)
	Raghav Mulay, Company Secretary (w.e.f. August 11, 2017)
	Pradeep Bhide, Independent Director
	Sunil Sethy, Independent Director (upto April 24, 2018)
	Mehul Savla, Independent Director
	Apurva Joshi, Independent Director
	Priti Rao, Independent Director (w.e.f. April 10, 2018)
	Shailesh Lakhani, Non-Executive Director
	Farokh Karani
	Sanjay Pawar
	Ken Amedo, Vice President Sales
Relatives of key management personnel	Anupama Katkar (wife of Kailash Katkar)
	Chhaya Katkar (wife of Sanjay Katkar)
	Sneha Katkar (daughter of Kailash 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:

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

Nature of transaction	Name of the related party	Year ended March 31, 2018	Year ended March 31, 2017
Compensation paid to Key Management Personnel	Kailash Katkar	12.49	12.49
	Sanjay Katkar	12.49	12.49
	Abhijit Jorvekar	4.40	7.27
	Anupama Katkar	3.53	3.52
	Rajesh Ghonasgi	14.37	12.54
	Vijay Mhaskar	9.90	5.19
	Raghav Mulay	0.88	-
	Vijay Shirode	0.34	1.14
	Sneha Katkar	0.19	-
	Ken Amedo	5.99	-
	Farokh Karani	1.93	6.81
	Sanjay Pawar	-	6.40
Sub-total		**66.51**	**67.85**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

39. Related party transaction (contd.)

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

Nature of transaction	Name of the related party	Year ended March 31, 2018	Year ended March 31, 2017
Directors' sitting fee	Pradeep Bhide	0.28	0.26
	Sunil Sethy	0.21	0.30
	Mehul Savla	0.15	0.19
	Apurva Joshi	0.20	0.27
	Abhijit Jorvekar	0.06	-
Sub-total		0.90	1.02
Commission to independent directors	Pradeep Bhide	0.86	0.80
	Sunil Sethy	0.60	0.80
	Mehul Savla	0.79	0.50
	Apurva Joshi	0.25	0.25
	Abhijit Jorvekar	0.10	-
Sub-total		2.60	2.35
Reimbursement of expenses	Sanjay Pawar	-	0.32
	Ken Amedo	0.36	-
		0.36	0.32
Total		70.37	71.54

Compensation of key managerial personal of the Company

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

	Year ended March 31, 2018	Year ended March 31, 2017
Short-term employee benefits (compensation)	58.59	54.64
Post - employment gratuity benefits	0.65	0.35
Leave benefits	0.14	0.03
Share-based payment transactions	0.31	0.32
Total compensation to key management personnel	59.69	55.34

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel. The remuneration and perquisites on account of ESOP to key management personnel does not include employee stock compensation expense. The non-executive and independent directors do not receive gratuity entitlements from the Group.

Share options held by executive members of the Board of Directors under the Share Based Payment arrangement to purchase equity shares have the following expiry dates and exercise prices:

Grant Date	Expiry Date *	Exercise Price	March 31, 2018 Number outstanding	March 31, 2017 Number outstanding
February 6, 2014	-	96.25	-	26,000
September 6, 2014	-	110.00	-	5,000
September 24, 2015	-	110.00	-	2,625
November 11, 2016	-	237.40	31,250	2,625

* As per the Group policy, the option stands cancel or expire if the employee has not exercised the option within six months from the date of resignation.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

39. Related party transaction (contd.)

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

Nature of transaction	Name of the related party	Year ended March 31, 2018	Year ended March 31, 2017
Rent paid	Kailash Katkar	0.96	0.96
	Anupama Katkar	0.14	0.27
	Chhaya Katkar	0.14	0.27
	Kailash Sahebrao Katkar HUF	0.99	0.90
	Sanjay Sahebrao Katkar HUF	0.99	0.90
		3.22	**3.30**
CSR contribution	Quick Heal Foundation	10.83	14.00
		10.83	**14.00**
Final equity dividend declared and paid for the financial year ended March 31, 2017 and March 31, 2016	Kailash Katkar	51.28	51.28
	Sanjay Katkar	51.28	51.28
	Anupama Katkar	12.51	12.51
	Chhaya Katkar	12.51	12.51
	Rajesh Ghonasgi	0.17	0.07
	Abhijit Jorvekar	0.03	0.30
		127.78	**127.95**
Reimbursement of expenses	Sanjay Pawar	-	0.01
	Ken Amedo	0.05	-
		0.05	**0.01**

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended March 31, 2018, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017: INR Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Balance outstanding

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

Nature of transaction	Name of the related party	As at March 31, 2018	As at March 31, 2017
Remuneration payable	Sanjay Pawar	-	0.43
		-	**0.43**
Reimbursement Payable	Ken Amedo	0.05	-
		0.05	**-**
Commission payable to independent directors	Pradeep Bhide	0.86	0.80
	Sunil Sethy	0.60	0.80
	Mehul Savla	0.79	0.50
	Apurva Joshi	0.25	0.25
	Abhijit Jorvekar	0.10	-
		2.60	**2.35**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

40 (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.

Revenue from operations

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

	Year ended March 31, 2018	Year ended March 31, 2017
From India	3,080.52	2,899.21
From foreign countries	102.63	100.52
Total	**3,183.15**	**2,999.73**

Total assets

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

	As at March 31, 2018	As at March 31, 2017
From India	7,667.18	7,077.48
From foreign countries	139.96	257.76
Total	**7,807.14**	**7,335.24**

Income received from customers located outside India is included in the revenue from foreign countries.

There is no single customer who is accounting for more than 10% of the total revenue of the Group.

40 (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**

* The disclosure with respect to holding of and dealings in Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018 and accordingly have not been reported.

40 (c). Exceptional items

Exceptional items includes INR Nil (March 31, 2017: INR 37.80) towards impairment of financial assets being loan to and interest receivable from Wegilant Net Solutions Private Limited.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

41. 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, 2018	March 31, 2017
Quick Heal Technologies America Inc.	USA	March 31	100.00%	100.00%
Quick Heal Technologies Japan K. K.	Japan	March 31	100.00%	100.00%
Quick Heal Technologies Africa Limited	Kenya	March 31	100.00%	100.00%
Quick Heal Technologies (MENA) FZE	Dubai	March 31	-	100.00%
Seqrite Technologies DMCC	Dubai	March 31	100.00%	100.00%

All the subsidiaries of the Group are included in these consolidated financial statements.

Disclosure of additional information pertaining to Holding Company and subsidiaries after elimination:

Share in net assets:

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

Name of the company	As at March 31, 2018		As at March 31, 2017	
	As a % of consolidated net assets	Net assets Amount	As a % of consolidated net assets	Net assets Amount
Holding Company:				
Quick Heal Technologies Limited	99.28%	7,186.71	98.02%	6,485.37
Foreign subsidiaries:				
Quick Heal Technologies America Inc.	0.01%	0.87	0.22%	14.66
Quick Heal Technologies Japan K. K.	0.20%	14.73	0.27%	17.65
Quick Heal Technologies Africa Limited	0.51%	37.14	0.78%	51.63
Quick Heal Technologies (MENA) FZE	0.00%	-	0.63%	41.50
Seqrite Technologies DMCC	-0.01%	(0.79)	0.08%	5.80
Total	**100.00%**	**7,238.67**	**100.00%**	**6,616.61**

Share in profit and loss:

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

	Year ended March 31, 2018		Year ended March 31, 2017	
	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	104.04%	863.55	107.03%	569.68
Foreign subsidiaries:				
Quick Heal Technologies America Inc.	(0.30%)	(2.48)	(2.83%)	(15.06)
Quick Heal Technologies Japan K. K.	(1.88%)	(15.58)	(5.58%)	(29.70)
Quick Heal Technologies Africa Limited	(1.68%)	(13.91)	0.94%	5.00
Quick Heal Technologies (MENA) FZE	(0.18%)	(1.52)	0.60%	3.20
Seqrite Technologies DMCC	0.00%	(0.01)	(0.16%)	(0.85)
Total	**100.00%**	**830.05**	**100.00%**	**532.27**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

42. 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 :

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

Particulars	Carrying value		Fair value	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Financial assets				
Investments at amortised cost	34.49	-	34.49	-
Investments at FVTPL	3,000.78	1,750.82	3,000.78	1,750.82
Investments at FVTOCI	29.52	66.66	29.52	66.66
Loans and security deposits	12.00	10.71	12.00	10.71
Trade and other receivables	1,030.88	971.83	1,030.88	971.83
Cash and cash equivalents	122.14	592.54	122.14	592.54
Other bank balances	1,507.24	1,501.16	1,507.24	1,501.16
Other financial assets	41.92	10.56	41.92	10.56
Total	**5,778.97**	**4,904.28**	**5,778.97**	**4,904.28**
Financial liabilities				
Trade and other payables	327.06	408.96	327.06	408.96
Other financial liabilities	11.99	13.16	11.99	13.16
Total	**339.05**	**422.12**	**339.05**	**422.12**

The management assessed that the fair value of cash and cash equivalents, trade receivables, trade payables and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

(i) The fair value of the quoted mutual fund are based on the price quotations at reporting date. The fair value of unquoted instruments, related parties and other financial liabilities as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

(ii) The fair values of the unquoted equity shares, compulsory convertible preference shares have been estimated using a discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

42. Fair values (contd.)

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at March 31, 2018 and March 31, 2017 are as shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Unquoted equity shares in Smartalyse Technologies Private Limited	Discounted cash flow method	Weighted average cost of equity	March 31, 2018: 18.52% to 20.52%	1% increase in the WACC would decrease the fair value by INR 2.20 and 1% decrease would increase the fair value by INR 2.56.
		Long-term growth rate for cash flows	March 31, 2018: 5% to 7%	1% increase in the growth would increase the fair value by INR 1.84 and 1% decrease would decrease the fair value by INR 1.58
		Long-term operating margin	March 31, 2018: 28.20% to 58.20%	15% increase in the margin would increase the fair value by INR 8.22 and 15% decrease would decrease the fair value by INR 8.22.
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 INR 1.05 and 1% decrease would increase the fair value by INR 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 INR 0.73 and 1% decrease would decrease the fair value by INR 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 INR 5.77 and 15% decrease would decrease the fair value by INR 5.77.

Reconciliation of fair value measurement of financial assets classified as FVTOCI:

	Compulsory Convertible Preference Shares	Unquoted equity shares
As at April 1, 2016	3.55	**36.53**
Remeasurement recognised in OCI	(3.55)	0.13
Purchases	-	30.00
Sales	-	-
As at March 31, 2017	-	**66.66**
Remeasurement recognised in OCI	-	(37.14)
Purchases	-	-
Sales	-	-
As at March 31, 2018	-	**29.52**

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

43. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included with in Level 1 that the observable for the asset or liability, either directly (i.e. as pieces) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data unobservable inputs

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at March 31, 2018 and March 31, 2017.

Quantitative disclosures fair value measurement hierarchy for assets:

			Fair value measurement using		
	Date of valuation	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, 31,2018	March 31, 2018	29.52	-	-	29.52
As at March 31, 2017	March 31, 2017	66.66	-	-	66.66
Unquoted Compulsory Convertible Preference Share in Wegilant Net Solutions Private Limited					
As at March, 31,2018	March 31, 2018	-	-	-	-
As at March 31, 2017	March 31, 2017	-	-	-	-
Financial assets measured at fair value through profit and loss					
Mutual fund investments					
Fair value through profit or loss investments					
As at March, 31,2018	March 31, 2018	3,000.78	3,000.78	-	-
As at March 31, 2017	March 31, 2017	1,750.82	1,750.82	-	-

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

44. 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 has certain financial assets and financial liabilities in foreign currencies which expose the Group to foreign currency risks. The foreign currency exposure of the Group has been disclosed in the financial statements.

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.

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, 2018 and March 31, 2017. The working capital as at March 31, 2018 was INR 5,130.79 (March 31, 2017: INR 4,250.75) including cash and cash equivalents.

As at March 31, 2018 and March 31, 2017, the outstanding employee obligations were INR 34.14 and INR 37.15 respectively which have been substantially funded. Accordingly, no significant liquidity risk is perceived.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018 (Contd.)

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
As at March 31, 2018					
Trade payables	-	85.09	9.59	1.19	95.86
Other payables	-	231.20	-	-	231.20
Any other financial liabilities	-	11.99	-	-	11.99
Total	**-**	**328.28**	**9.59**	**1.19**	**339.05**
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**

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 Company. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder's value 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, 2018 is INR 7,238.67 (March 31, 2017: INR 6,616,61).

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

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

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

per Tridevlal Khandelwal
Partner
Membership Number: 501160

Place: Pune
Date: May 10, 2018

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191
Place: Pune
Date: May 10, 2018

Sanjay Katkar
Managing Director
& Chief Technical Officer
DIN: 00397277
Place: Pune
Date: May 10, 2018

Nitin Kulkarni
Chief Financial Officer

Place: Pune
Date: May 10, 2018

Raghav Mulay
Company Secretary

Regs. No. ACS-25793
Place: Pune
Date: May 10, 2018

Independent Auditor's Report

To the Members of Quick Heal Technologies Limited

REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENT

We have audited the accompanying standalone Ind AS financial statements of Quick Heal Technologies Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind As financial statement").

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the 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 Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial 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 of the standalone Ind AS financial statements 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 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, 2018, its profit 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 provision of Finance Act, 1994 for INR 1,223.07 Million (excluding penalty of INR 626.97 Million from March 01, 2011 to March 31, 2016. 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.

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;

Independent Auditor's Report (Contd.)

(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 Companies (Indian Accounting Standards) Rules, 2015, as amended;

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

(f) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;

(g) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind As financial statement and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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;

iv. The disclosure with respect to holding of and dealings in Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018 and accordingly have not been reported by us, refer note 45(b) of the standalone Ind As financial statement.

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

per Tridevlal Khandelwal
Partner
Membership Number: 501160

Place of Signature: Pune
Date: May 10, 2018

Independent Auditor's Report (Contd.)

Annexure 1 referred to in paragraph 1 under the heading "Reporting on Other Legal and Regulatory Requirements" of our report of even date

Re: Quick Heal Technologies Limited ('the Company')

(i)	(a)	The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
	(b)	All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
	(c)	According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
(ii)		The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
(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)	The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, goods and service tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.
	(b)	According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other material 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, goods and service tax, cess and other material statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (MINR)	Period to which the amount relates	Authority
The Finance Act, 1994	Service tax on supply on licenses to end customer **	560.71	March 01, 2011 to March 31, 2014	Additional Director General (Adjudication), New Delhi
The Finance Act, 1994	Service tax on supply on licenses to end customer **	285.35	FY 2014-2015	Commissioner Service tax audit Commissionerate, Pune
The Finance Act, 1994	Service tax on supply on licenses to end customer **	377.01	FY 2015-2016	Central excise and GST Pune I Commissionerate
Income Tax Act,1961	Tax on account of disallowance of expenses on 14A	1.83*	FY 2013-2014	Income Tax Appellate Tribunal (ITAT)
Income Tax Act,1961	Tax on account of disallowance of expenses on 14A	0.89*	FY 2011-2012	Income Tax Appellate Tribunal (ITAT)

* 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.

Independent Auditor's Report (Contd.)

(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 1,901.37 Million, of which INR 1,392.02 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 Tridevlal Khandelwal
Partner
Membership Number: 501160

Place of Signature: Pune
Date: May 10, 2018

Independent Auditor's Report (Contd.)

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, 2018 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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Tridevlal Khandelwal
Partner
Membership Number: 501160

Place of Signature: Pune
Date: May 10, 2018

Standalone Balance Sheet
as at March 31, 2018

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

	Notes	As at March 31, 2018	As at March 31, 2017
Assets			
Non-current assets			
(a) Property, plant and equipment	5	1,610.96	1,780.66
(b) Capital work-in-progress		138.72	135.89
(c) Intangible assets	6	118.31	65.12
(d) Investments in subsidiaries	7	184.50	294.91
(e) Financial assets			
(i) Investments	7	175.75	66.66
(ii) Loans and security deposits	8	3.18	4.50
(iii) Other financial assets	9	2.92	2.07
(f) Deferred tax assets (net)	29	43.70	87.30
(g) Income tax assets (net)	14	33.90	198.67
(h) Other non-current assets	15	0.14	46.12
		2,312.08	2,681.90
Current assets			
(a) Inventories	10	47.15	72.22
(b) Financial assets			
(i) Investments	7	2,889.04	1,750.82
(ii) Trade receivables	11	1,027.41	949.90
(iii) Cash and cash equivalents	12	83.47	501.16
(iv) Bank balances other than (iii) above	13	1,507.24	1,501.16
(v) Loans and security deposits	8	8.13	5.38
(vi) Interest accrued	9	39.00	8.73
(c) Other current assets	15	23.59	33.85
		5,625.03	4,823.22
Total assets		7,937.11	7,505.12
Equity and liabilities			
Equity			
(a) Equity share capital	16	703.88	701.02
(b) Share application money pending allotment		-	0.06
(c) Other equity	17		
(i) Retained earnings		3,884.34	3,299.40
(ii) Securities premium account		2,327.92	2,297.36
(iii) Amalgamation reserve		26.45	26.45
(iv) General reserve		450.26	450.26
(v) Other reserves		(21.53)	15.97
Total equity		7,371.32	6,790.52
Liabilities			
Non-current liabilities			
(a) Net employee defined benefit liabilities	21	21.04	22.73
		21.04	22.73
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	18	322.72	406.02
(ii) Other financial liabilities	19	15.61	13.16
(b) Other current liabilities	20	131.24	135.79
(c) Net employee defined benefit liabilities	21	13.10	14.42
(d) Income tax liabilities (net)	22	62.08	122.48
		544.75	691.87
Total liabilities		565.79	714.60
Total equity and liabilities		7,937.11	7,505.12

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

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

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

per Tridevlal Khandelwal
Partner
Membership Number: 501160
Place: Pune
Date: May 10, 2018

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191
Place: Pune
Date: May 10, 2018

Sanjay Katkar
Managing Director
& Chief Technical Officer
DIN: 00397277
Place: Pune
Date: May 10, 2018

Nitin Kulkarni
Chief Financial Officer
Place: Pune
Date: May 10, 2018

Raghav Mulay
Company Secretary
Regs. No. ACS-25793
Place: Pune
Date: May 10, 2018

Standalone Statement of Profit & Loss

for the year ended March 31, 2018

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

	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Income			
Revenue from operations	23	3,162.22	2,990.22
Other income	24	298.75	277.76
Total income		**3,460.97**	**3,267.98**
Expenses			
Cost of materials consumed	25 (a)	10.55	14.02
Purchase of security software products	25 (b)	93.96	126.99
(Increase) / decrease in security software products	25 (c)	22.02	(9.18)
Employee benefits expense	26	996.76	987.62
Depreciation and amortisation expense	27	268.82	308.67
Other expenses	28	801.62	898.31
Total expenses		**2,193.73**	**2,326.43**
Profit before exceptional items and tax		**1,267.24**	**941.55**
Exceptional items [Refer note 45 (d)]		75.09	44.13
Profit before tax		**1,192.15**	**897.42**
Tax expense			
Current tax	29		
Pertaining to profit for the current year		363.68	317.56
Adjustments of tax relating to earlier periods		-	(1.72)
Deferred tax		39.69	(10.11)
Total tax expense		**403.37**	**305.73**
Profit for the year		**788.78**	**591.69**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement of defined benefit plans		11.26	1.70
Income tax effect		(3.91)	(0.58)
		7.35	1.12
Net (loss) or gain on FVTOCI assets		(37.13)	(3.42)
Income tax effect		-	(0.03)
		(37.13)	(3.45)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(29.78)**	**(2.33)**
Total comprehensive income for the year		**759.00**	**589.36**
Earnings per equity share [nominal value per share INR 10 (March 31, 2017: INR 10)]	30		
Basic		11.23	8.45
Diluted		11.20	8.40

Summary of significant accounting policies 3

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

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

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

per Tridevlal Khandelwal
Partner
Membership Number: 501160

Place: Pune
Date: May 10, 2018

Kailash Katkar
Managing Director
& Chief Executive Officer
DIN: 00397191
Place: Pune
Date: May 10, 2018

Sanjay Katkar
Managing Director
& Chief Technical Officer
DIN: 00397277
Place: Pune
Date: May 10, 2018

Nitin Kulkarni
Chief Financial Officer

Place: Pune
Date: May 10, 2018

Raghav Mulay
Company Secretary

Regs. No. ACS-25793
Place: Pune
Date: May 10, 2018

Standalone Cash Flow Statement
for the year ended March 31, 2018

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

	Year ended March 31, 2018	Year ended March 31, 2017
A. Cash flow from operating activities		
Profit before tax	1,192.15	897.42
Adjustment to reconcile profit before tax to net cash flows:		
Exceptional items	75.09	44.13
Net (gain) / Loss foreign exchange differences	(3.31)	0.47
Employee share based payments expense	7.25	6.03
Depreciation and amortization expense	268.82	308.67
Interest income	(101.28)	(185.38)
Provision for doubtful debts and advances	24.36	6.53
Bad debts (written back)/written off	-	(0.15)
Property, plant and equipment written off	-	3.65
Loss / (profit) on sale of property, plant and equipment (net)	(0.54)	(0.46)
Dividend income	(102.61)	(58.82)
Exchange difference on translation of foreign currency cash and cash equivalents	0.02	0.44
Net loss/(gain) on sale of investment	(2.30)	0.59
Net gain on FVTPL current investment	(5.13)	(22.18)
Operating profit before working capital changes	**1,352.52**	**1,000.94**
Movements in working capital:		
(Increase)/decrease in trade receivables	(98.56)	12.36
(Increase)/decrease in inventories	25.07	(18.54)
(Increase)/decrease in loans	(1.43)	25.51
(Increase)/decrease in other financial assets	(0.85)	7.73
(Increase)/decrease in other assets	14.47	(108.93)
Increase/(decrease) in net employee defined benefit liabilities	8.25	5.72
Increase/(decrease) in trade payables	(83.30)	(100.05)
Increase/(decrease) in other financial liabilities	3.62	-
Increase/(decrease) in other current liabilities	(4.55)	(23.92)
Cash generated from operations	**1,215.24**	**800.82**
Direct taxes paid (net of refunds)	(259.31)	(302.96)
Net cash flow from operating activities (A)	**955.93**	**497.86**
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress and capital advances)	(135.75)	(347.01)
Proceeds from sale of property, plant and equipment	1.34	4.23
Investments in subsidiaries	(11.90)	(171.19)
Repatriation from subsidiaries on account of capital reduction	47.22	-
Investments in non-current investments (other)	(146.23)	(30.00)
Purchase of current investments	(5,674.37)	(2,901.69)
Sale of current investments	4,543.58	2,285.67
(Increase)/decrease in bank balances other than cash and cash equivalents	(6.08)	22.14
Interest received	91.23	180.31
Dividends received	102.61	58.82
Net cash (used in) investing activities (B)	**(1,188.35)**	**(898.72)**

Standalone Cash Flow Statement
for the year ended March 31, 2018 (Contd.)

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

	Year ended March 31, 2018	Year ended March 31, 2017
C. Cash flow from financing activities		
Dividend paid on equity shares	(175.27)	(175.01)
Tax on equity dividend paid	(35.72)	(35.64)
Proceeds from issuance of equity shares (including securities premium)	25.80	5.83
Share application money pending allotment	(0.06)	0.06
Net cash flow (used in) financing activities (C)	**(185.25)**	**(204.76)**
Net (decrease) in cash and cash equivalents (A+B+C)	**(417.67)**	**(605.62)**
Cash and cash equivalents at the beginning of the year	501.16	1,107.22
Effect of exchange differences on cash and cash equivalents held in foreign currency	(0.02)	(0.44)
Cash and cash equivalents at the end of the year	**83.47**	**501.16**
Components of cash and cash equivalents		
Cash on hand	0.47	0.49
Balances with banks		
On current account	77.47	94.16
On EEFC account	1.30	8.93
Unpaid dividend account	0.28	0.08
Deposits with original maturity of less than three months	-	397.50
Cheques on hand	3.95	-
Total cash and cash equivalents (refer note 12)	**83.47**	**501.16**

Summary of significant accounting policies 3

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

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

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

per Tridevlal Khandelwal
Partner
Membership Number: 501160

Place: Pune
Date: May 10, 2018

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Raghav Mulay
Company Secretary

Regs. No. ACS-25793
Place: Pune
Date: May 10, 2018

Standalone Statement of Changes in Equity
for the year ended March 31, 2018

A. Equity share capital

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

Equity shares of INR 10 each issued, subscribed and fully paid-up	No.	Amount
As at April 1, 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**
- Employee stock option plan (ESOP) (refer note 16)	285,978	2.86
As at March 31, 2018	**70,388,183**	**703.88**

B. Share application money pending allotment

	As at March 31, 2018	As at March 31, 2017
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, 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**
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**
Profit for the year	-	-	-	-	788.78	-	788.78
Other comprehensive income	-	-	-	-	7.35	(37.13)	(29.78)
Total comprehensive income	**-**	**-**	**-**	**-**	**796.13**	**(37.13)**	**759.00**
Expenses pertaining to share-based payments	-	7.25	-	-	-	-	7.25
Exercise of share options	30.56	(7.62)	-	-	-	-	22.94
Appropriations:							
Final equity dividend	-	-	-	-	(175.47)	-	(175.47)
Tax on final dividend	-	-	-	-	(35.72)	-	(35.72)
Balance as at March 31, 2018	**2,327.92**	**14.63**	**26.45**	**450.26**	**3,884.34**	**(36.16)**	**6,667.44**

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

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

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

per Tridevlal Khandelwal
Partner
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Place: Pune
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Place: Pune
Date: May 10, 2018

Notes Forming Part of Standalone Financial Statements
for the year ended March 31, 2018

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, 2018 were authorised for issue in accordance with a resolution of the Board of Directors on May 10, 2018.

2. Basis of preparation

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

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

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

3. Summary of significant accounting policies

The following are the significant accounting policies applied by the Company in preparing its standalone financial statements:

a) Current versus non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current

A liability is treated as current when:

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

The Company classifies all other liabilities as non-current.

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

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

b) Foreign currencies

The Company's standalone financial statements are presented in Indian Rupees, which is also the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Transaction and balances

Transactions in foreign currencies are initially recorded by the Company's functional currency spot rates at the date the transaction first qualifies for recognition.

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

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

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

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.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Significant accounting judgements, estimates and assumptions (refer note 4)
- Quantitative disclosures of fair value measurement hierarchy (refer note 46 and 47)
- Financial instruments risk management objectives and policies (refer note 48)

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, value added tax (VAT) and Goods and Services Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Accordingly, it is excluded from revenue. The following specific recognition criteria must also be met before revenue is recognized:

(i) Sale of security software products and devices

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch 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

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

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, VAT and GST 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 and GST 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 the effective interest rate ('EIR') applicable. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included under the head "other income" in the statement of profit and loss.

(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 "Other 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

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;

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

- 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

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

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.

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the asset;
- Its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of adequate resources to complete the development and to use or sell the asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life. Amortization is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

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.

Company as a lessee

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

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

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

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.

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

- 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

Notes Forming Part of Standalone Financial Statements

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

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

(ii) Defined benefit plan

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

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

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

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

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

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

c) Other long-term employment benefits:

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

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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

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Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a '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 resu lt 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 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

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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 less accumulated impairment in the standalone financial statements.

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.

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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. 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 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

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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 46 for further disclosures.

4(a) Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Ministry of Corporate Affairs ('MCA') has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard

a) Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 was notified on March 28, 2018 with guidance to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Ind AS 115 is effective for the Company in the first quarter of fiscal 2019 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (April 1, 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements.

Sale of goods

For contracts with customers in which the sale of goods is generally expected to be the only performance obligation, adoption of Ind AS 115 is not expected to have any significant impact on Company's profit or loss. The Company expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

In preparing to adopt Ind AS 115, the Company is considering various other aspects in the same contracts such as elements of multiple element contract, volume rebates, terms of service delivery and other considerations in service sale agreements etc. While the management continue to believe that the impact of Ind AS 115 will not be material, a reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will not be possible once the implementation project has been completed.

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b) Amendments to Ind AS 112 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in Ind AS 112

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

As the Company has not included in disposal group/ classified as held for sale any of its subsidiary, joint ventures or associate. Accordingly, the amendments in Ind AS 112 will not have any impact on the Company.

c) Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after April 1, 2018. These amendments are not expected to have any impact on the Company as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

d) Transfers of Investment Property - Amendments to Ind AS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after April 1, 2018. The Company will apply amendments when they become effective. Since the Company does not have any such transaction, this amendment does not have any effect of the financial statements of the Company.

e) Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the Appendix, or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after April 1, 2018. Since the Company does not have any such transaction, this amendment does not have any effect of the financial statements of the Company.

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5. Property, plant and equipment

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

	Freehold land (refer note 1)	Leasehold premises	Buildings (refer note 2)	Computers and server	Office equipment	Electrical installations	Furniture and fixtures	Vehicles	Total
Cost (Gross) (refer note 3)									
At April 1, 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**
Additions	-	-	-	55.74	1.66	1.73	7.42	-	66.55
Disposals/written-offs	-	-	-	0.94	0.83	-	0.22	1.68	3.67
At March 31, 2018	**26.63**	**21.32**	**1,494.10**	**395.15**	**178.25**	**95.16**	**234.11**	**15.51**	**2,460.23**
Depreciation (Gross) (refer note 3)									
At April 1, 2016	-	4.94	123.04	92.84	85.25	28.44	73.28	10.22	418.01
Depreciation 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**
Depreciation charge for the year	-	0.71	63.61	96.77	28.21	13.02	31.31	1.82	235.45
Disposals/written-offs	-	-	-	0.91	0.76	-	0.17	1.03	2.87
At March 31, 2018	**-**	**6.36**	**250.57**	**237.01**	**143.36**	**57.32**	**142.37**	**12.28**	**849.27**
Net block									
At March 31, 2017	**26.63**	**15.67**	**1,307.14**	**199.20**	**61.51**	**49.13**	**115.68**	**5.70**	**1,780.66**
At March 31, 2018	**26.63**	**14.96**	**1,243.53**	**158.14**	**34.89**	**37.84**	**91.74**	**3.23**	**1,610.96**

Note:-

1. The value of land has been estimated based on the stamp duty valuation rate
2. Additions of building includes office building (including share in undivided portion of land) taken on long term lease i.e. 999 years.
3. The Company had elected to continue with the carrying value of property, plant and equipment as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed cost on the date of transition (i.e. April 01, 2015). The Company has disclosed the gross block and accumulated depreciation above, for information purpose only. The total gross cost and corresponding total accumulated depreciation as at March 31, 2018 and March 31, 2017 as disclosed above should be adjusted (at least) by an amount of INR 228.19 (representing accumulated depreciation as at April 01, 2015) to compute the cost and accumulated depreciation as per IND AS. Such adjustment will have no impact on the net block as at March 31, 2018 and March 31, 2017.

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6. Intangible assets

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

	Software	Total
Cost (Gross) (refer note 1)		
At April 1, 2016	314.17	314.17
Purchase	56.97	56.97
Disposals	-	-
At March 31, 2017	**371.14**	**371.14**
Purchase	86.56	86.56
Disposals	-	-
At March 31, 2018	**457.70**	**457.70**
Amortisation (Gross) (refer note 1)		
At April 1, 2016	220.43	220.43
Amortisation for the year	85.59	85.59
Disposals	-	-
At March 31, 2017	**306.02**	**306.02**
Amortisation for the year	33.37	33.37
Disposals	-	-
At March 31, 2018	**339.39**	**339.39**
Net block		
At March 31, 2017	**65.12**	**65.12**
At March 31, 2018	**118.31**	**118.31**

1. The Company had elected to continue with the carrying value of intangible assets as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed cost on the date of transition (i.e. April 01, 2015). The Company has disclosed the gross block and accumulated amortisation above, for information purpose only. The total gross cost and corresponding total accumulated amortisation as at March 31, 2018 and March 31, 2017 as disclosed above should be adjusted (at least) by an amount of INR 174.39 (representing accumulated amortisation as at April 01, 2015) to compute the cost and accumulated amortisation as per IND AS. Such adjustment will have no impact on the net block as at March 31, 2018 and March 31, 2017.

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

7. Investments in subsidiaries and others

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

	As at March 31, 2018	As at March 31, 2017
Non - current investments		
Investment in equity shares (unquoted) (at cost)		
Investment in wholly owned subsidiaries		
4,000 (March 31, 2017: 3,600) equity shares of JPY 50,000 each fully paid-up in Quick Heal Technologies Japan K.K., Japan	120.25	108.35
Less: Impairment of investment in Quick Heal Technologies Japan K.K., Japan	(36.39)	-
	83.86	**108.35**
788,000 (March 31, 2017: 923,000) equity shares of USD 1 each fully paid-up in Quick Heal Technologies America Inc., USA	62.15	62.15
Less: Disinvestment during the year *	(8.51)	-
Less: Impairment of investment in Quick Heal Technologies America Inc., USA	(10.49)	-
	43.15	**62.15**
11,367,500 (March 31, 2017: 11,367,500) equity shares of KSH 10 each fully paid-up in Quick Heal Technologies Africa Limited, Kenya	76.80	76.80
Less: Impairment of investment in Quick Heal Technologies Africa Limited, Kenya	(24.93)	
	51.87	**76.80**
Nil (March 31, 2017: 28) equity shares of AED 100,000 each fully paid-up in Quick Heal Technologies (MENA) FZE, UAE	48.32	48.32
Less: Disinvestment during the year **	(38.71)	-
Less: Impairment of investment in Quick Heal Technologies (MENA) FZE, UAE	(9.61)	(6.33)
	-	**41.99**
300 (March 31, 2017: 300) equity shares of AED 1,000 each fully paid-up in Seqrite Technologies DMCC, UAE	5.62	5.62
Sub total - Investment in equity shares (unquoted) (at cost)	**184.50**	**294.91**
Investment carried at amortised cost		
Investment in tax free bonds		
7.35% Indian Railway Finance Corporation Limited Bonds	34.49	-
	34.49	**-**
Investments at fair value through profit and loss		
Investments in mutual funds (quoted)		
Investments in mutual funds	111.74	-
	111.74	**-**
Investments at fair value through OCI		
Investment in other equity shares (unquoted)		
4,472 (March 31, 2017: 4,472) equity shares of INR 10 each fully paid-up in Smartalyse Technologies Private Limited	66.65	66.66
Less: Fair value changes routed through OCI	(37.13)	-
	29.52	**66.66**
Investment in preference shares (unquoted)		
15,162 (March 31, 2017: 15,162) Compulsory Convertible Preference Shares of INR 10 each fully paid-up in Wegilant Net Solutions Private Limited	3.55	3.55
Less: Fair value changes routed through OCI	(3.55)	(3.55)
	-	-
	29.52	**66.66**
Sub total - Investments	**175.75**	**66.66**

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

7. Investments in subsidiaries and others (Contd.)

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

	As at March 31, 2018	As at March 31, 2017
Current investments		
Investments at fair value through profit and loss		
Investments in mutual funds (quoted)		
Investments in mutual funds	2,889.04	1,750.82
Total current investments	**2,889.04**	**1,750.82**
Total non-current investments	**360.25**	**361.57**
Total current investments	**2,889.04**	**1,750.82**
Aggregate book value of quoted investments	3,000.78	1,750.82
Aggregate market value of quoted investments	3,000.78	1,750.82
Aggregate value of unquoted investments	248.51	361.57
Aggregate amount of impairment in value of investments	81.42	6.33
Investments carried at cost	184.50	294.91
Investments carried at amortised cost	34.49	-
Investments carried at fair value through profit or loss	3,000.78	1,750.82
Investments carried at fair value through other comprehensive income	29.52	66.66

* Repatriation on account of capital reduction.

** In the Current year, Company has discontinued operation of Quick Heal Technologies (MENA) FZE, UAE. Losses on account of discontinuation are disclosed as exceptional item in Statement of Profit and Loss.

8. Loans and security deposits

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

	As at March 31, 2018	As at March 31, 2017
Loans and security deposits (unsecured, considered good) (at amortised cost)		
Current		
Security deposits	8.13	5.35
Loan to staff	-	0.03
Loans (unsecured, considered good) (at fair value through profit and loss)		
Current		
Loan to Wegilant Net Solutions Private Limited*	-	-
Total current	**8.13**	**5.38**
Loans and security deposits (unsecured, considered good) (at amortised cost)		
Non - current		
Security deposits	3.18	4.50
Total non - current	**3.18**	**4.50**

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.

* The Company has identified an impairment of INR Nil (March 31, 2017: INR 35.00) on loan to Wegilant Net Solutions Private Limited. The impairment on FVTPL financial assets was recognised as an exceptional item in the statement of profit and loss for the year ended March 31, 2017.

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

9. Other financial assets

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

	As at March 31, 2018	As at March 31, 2017
Current		
Interest accrued		
on bank balance	39.00	8.73
on loan to Wegilant Net Solutions Private Limited*	-	-
Total current	**39.00**	**8.73**
Non - current		
Bank balances		
Deposits with remaining maturity of more than twelve months	2.92	1.83
Advance to subsidiaries (refer note 43 and 44)	-	0.24
Total non - current	**2.92**	**2.07**
Other financial assets carried at amortised cost	41.92	10.80
Other financial assets carried at fair value through profit or loss	-	-
Other financial assets carried at fair value through other comprehensive income	-	-

Out of the total deposits, INR 2.92 (March 31, 2017: INR Nil) are pledged against bank guarantees.

* The Company has identified an impairment of INR Nil (March 31, 2017: INR 2.80) on interest accrued on loan to Wegilant Net Solutions Private Limited. The impairment on FVTPL financial assets was recognised as an exceptional item in the statement of profit and loss for the year ended March 31, 2017.

10. Inventories

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

	As at March 31, 2018	As at March 31, 2017
At lower of cost and net realisable value		
Raw materials - Security software devices [includes in transit of INR Nil (March 31, 2017: INR 0.13)]	29.33	32.38
Finished goods - Security softwares [includes in transit of INR Nil (March 31, 2017: INR 0.27)]	17.82	39.84
Total	**47.15**	**72.22**

11. Trade receivables

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

	As at March 31, 2018	As at March 31, 2017
Trade receivables	1,014.70	939.91
Trade receivable from related party (refer note 44)	12.71	9.99
Total	**1,027.41**	**949.90**

Break-up for security details:

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

	As at March 31, 2018	As at March 31, 2017
Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	1,027.41	949.90
Doubtful	242.64	221.28
Total	**1,270.05**	**1,171.18**
Impairment allowed (allowed for bad and doubtful debts)		
Unsecured, considered good	-	-
Doubtful	(242.64)	(221.28)
	(242.64)	**(221.28)**
Total	**1,027.41**	**949.90**

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non interest bearing and generally on credit terms of 30 to 60 days.

For terms and condition relating to related party receivables, refer note 44.

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

12. Cash and cash equivalents

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

	As at March 31, 2018	As at March 31, 2017
Balances with banks:		
On current account	77.47	94.16
On EEFC account	1.30	8.93
Unpaid dividend account	0.28	0.08
Deposits with original maturity of less than three months	-	397.50
Cheques on hand	3.95	-
Cash on hand	0.47	0.49
Total	**83.47**	**501.16**

13. Other bank balances

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

	As at March 31, 2018	As at March 31, 2017
Bank balances		
Deposits with remaining maturity of less than twelve months	1,507.24	1,501.16
Total	**1,507.24**	**1,501.16**

Out of the total deposits, INR 2.24 (March 31, 2017: INR 1.64) are pledged against bank guarantees.

14. Non-current tax assets (net)

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

	As at March 31, 2018	As at March 31, 2017
Advance tax (net of provision for tax)	33.90	198.67
Total	**33.90**	**198.67**

15. Others assets

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

	As at March 31, 2018	As at March 31, 2017
Current (unsecured, considered good)		
Prepaid expenses	16.00	20.28
Balances with government authorities	1.43	2.38
Advance to suppliers	5.10	9.54
Advance to employees	0.56	1.02
Other assets	0.50	0.63
Total current	**23.59**	**33.85**
Non - current (unsecured, considered good)		
Interest accrued on income tax refund	0.09	20.31
Prepaid expenses	0.05	1.26
Non - current (unsecured, considered doubtful)		
Capital advances	3.00	24.55
Less: provision for doubtful capital advances	(3.00)	-
Advance to suppliers	6.38	6.38
Less: provision for doubtful advances	(6.38)	(6.38)
Total non - current	**0.14**	**46.12**
Total current	**23.59**	**33.85**
Total non - current	**0.14**	**46.12**

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

16. Equity share capital

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

	As at March 31, 2018	As at March 31, 2017
Authorized shares		
75,000,000 (March 31, 2017: 75,000,000) equity shares of INR 10 each	750.00	750.00
	750.00	**750.00**
Issued, subscribed and fully paid-up shares		
70,388,183 (March 31, 2017: 70,102,205) equity shares of INR 10 each	703.88	701.02
Total issued, subscribed and fully paid-up share capital	**703.88**	**701.02**

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

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

	As at March 31, 2018		As at March 31, 2017	
	No.	INR	No.	INR
At the beginning of the year	70,102,205	701.02	70,030,028	700.30
Issued during the year				
- Employee stock option plan (ESOP)	285,978	2.86	72,177	0.72
Outstanding at the end of the year	**70,388,183**	**703.88**	**70,102,205**	**701.02**

(b) Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in ensuing Annual General Meeting.

The Board of Directors, in their meeting on May 12, 2017, proposed a final dividend of INR 2.50 per equity share and the same was approved by the shareholders at the Annual General Meeting held on August 11, 2017. The amount was recognized as distributions to equity shareholders during the year ended March 31, 2018 and the total appropriation was INR 211.19 including dividend distribution tax.

The Board of Directors, in their meeting on May 10, 2018, have proposed a final dividend of INR 3 per equity share for the financial year ended March 31, 2018. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held and if approved would result in a cash outflow of approximately INR 254.15 including dividend distribution tax.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.

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

None.

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

	As at March 31, 2018	As at March 31, 2017
	Nos.	Nos.
Equity shares allotted as fully paid up bonus shares by utilisation of securities premium and surplus in statement of profit and loss during the financial year ended March 31, 2014	53,435,977	53,435,977
Equity shares allotted under scheme of amalgamation during the financial year ended March 31, 2012*	-	11,588

* Refer note on Amalgamation reserve in note 17.

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

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

	As at March 31, 2018		As at March 31, 2017	
	Nos.	% holding	Nos.	% holding
Equity shares of INR 10 each fully paid-up				
Kailash Katkar	20,511,384	29.14%	20,511,384	29.26%
Sanjay Katkar	20,511,384	29.14%	20,511,384	29.26%
Anupama Katkar	5,003,976	7.11%	5,003,976	7.14%
Chhaya Katkar	5,003,976	7.11%	5,003,976	7.14%
Sequoia Capital India Investment Holdings III	3,665,410	5.21%	3,665,410	5.23%

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.

17. Other equity

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

	As at March 31, 2018	As at March 31, 2017
(a) Retained earnings		
Balance as at the beginning of the year	3,299.40	2,917.32
Add: Amount transferred from surplus balance in the statement of profit and loss	796.13	592.81
Less: Appropriations		
Final equity dividend [amount per share INR 2.50 (March 31, 2017: INR 2.50)]	175.47	175.09
Tax on final dividend	35.72	35.64
Balance as at end of the year	**3,884.34**	**3,299.40**
(b) Securities premium account		
Balance as at the beginning of the year	2,297.36	2,291.14
Add: Additions on ESOPs exercised	22.94	5.11
Add: Additions on fresh issue of equity shares	-	-
Add: Transferred from ESOP account	7.62	1.11
Balance as at end of the year	**2,327.92**	**2,297.36**
(c) Amalgamation reserve		
Balance as at the beginning of the year	26.45	26.45
Add: Additions during the year	-	-
Balance as at end of the year	**26.45**	**26.45**
(d) General reserve		
Balance as at the beginning of the year	450.26	450.26
Add: Amount transferred from surplus balance in the statement of profit and loss	-	-
Balance as at end of the year	**450.26**	**450.26**
(e) Other reserve		
(i) ESOP account		
Balance as at the beginning of the year	15.00	10.08
Add: Additions during the year	7.25	6.03
Less: Transfer to securities premium on exercise of stock options	(7.62)	(1.11)
Balance as at end of the year	**14.63**	**15.00**
(ii) FVTOCI reserve		
Balance as at the beginning of the year	0.97	4.42
Add: Additions during the year	(37.13)	(3.45)
Balance as at end of the year	**(36.16)**	**0.97**
Total (i+ii)	**(21.53)**	**15.97**

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

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 INR 26.45 was recorded as amalgamation reserve.

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

Distribution made and proposed to be made	Year ended March 31, 2018	Year ended March 31, 2017
Cash dividends on equity shares declared and paid:		
Final cash dividend for the year ended on March 31, 2017: INR 2.50 per share (March 31, 2016: INR 2.50 per share)	175.47	175.09
Dividend distribution tax on proposed dividend	35.72	35.64
Proposed dividend on equity shares:		
Final cash dividend for the year ended on March 31, 2018: INR 3 per share (March 31, 2017: INR 2.50 per share)	211.16	175.26
Dividend distribution tax on proposed dividend	42.99	35.68

18. Trade payables

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

	As at March 31, 2018	As at March 31, 2017
Total outstanding dues to micro enterprises and small enterprises (refer note 34)	-	-
Total outstanding dues to others*	322.72	406.02
Total	**322.72**	**406.02**

* Includes amount payables to independent directors (refer note 44)

19. Other current financial liabilities

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

	As at March 31, 2018	As at March 31, 2017
Other financial liabilities at amortised cost		
Payables for purchases of fixed assets	11.71	13.08
Payables to subsidiaries (refer note 43 and 44)	3.62	-
Unpaid dividend	0.28	0.08
Total	**15.61**	**13.16**

20. Other current liabilities

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

	As at March 31, 2018	As at March 31, 2017
Advances from customers	1.49	1.83
Deferred revenue	17.80	69.77
Tax deducted at source payable	17.22	24.86
GST / Sales tax / Vat payable	89.71	34.00
Other liabilities (includes provident fund and other taxes)	5.02	5.33
Total	**131.24**	**135.79**

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

Terms and conditions of the above financial and other liabilities:

- Trade payables are non-interest bearing and have an average term of 60 days.
- Payables for purchases of fixed assets are non interest bearing and have an average term of 90 days.
- Other liabilities (other than taxes) are non interest bearing and have an average term of 45 days.
- Taxes such as tax deducted at source and goods and service tax / sales tax / Vat payable, provident fund and other taxes are non interest bearing and are generally paid within the due date.

21. Net employee defined benefit liabilities

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

	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits		
Current		
Provision for gratuity (refer note 31)	6.50	5.00
Provision for leave benefits	6.60	9.42
Total	**13.10**	**14.42**
Non - current		
Provision for gratuity (refer note 31)	21.04	22.73
Total	**21.04**	**22.73**
Total current	**13.10**	**14.42**
Total non - current	**21.04**	**22.73**

22. Current tax liabilities

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

	As at March 31, 2018	As at March 31, 2017
Current tax liabilities (net of advance tax)	62.08	122.48
Total	**62.08**	**122.48**

23. Revenue from operations (net)

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

	Year ended March 31, 2018	Year ended March 31, 2017
Sale of security software products	3,148.12	2,983.59
Sale of software support services	14.10	6.63
Total	**3,162.22**	**2,990.22**

Details of products sold

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

	Year ended March 31, 2018	Year ended March 31, 2017
Security software licenses	3,148.12	2,983.59
Security software devices - Unified Threat Management (UTM)	14.10	6.63
Total	**3,162.22**	**2,990.22**

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

24. Other income

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

	Year ended March 31, 2018	Year ended March 31, 2017
Interest income on		
Bank deposits	100.55	157.23
Income tax refund	0.67	28.07
Others	0.06	0.08
Dividend income on current investments	102.61	58.82
Net gain on sale of current investments	2.30	-
Profit on sale of fixed assets (net)	0.54	0.46
Foreign exchange gains (net)	3.31	-
Fair value gain on financial instruments at fair value through profit and loss *	5.13	22.18
Bad debts written back	-	0.15
Service tax credit	65.96	-
Miscellaneous income	17.62	10.77
Total	**298.75**	**277.76**

* 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

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

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Cost of materials consumed		
Inventory at the beginning of the year	32.38	23.02
Add: Purchases	7.50	23.38
Less: Inventory as at end of the year	29.33	32.38
Sub-total	**10.55**	**14.02**
(b) Purchase of security software products		
Security software products	93.96	126.99
Sub-total	**93.96**	**126.99**
(c) (Increase)/decrease in security software products		
Inventory at the beginning of the year	39.84	30.66
Less: Inventory as at end of the year	17.82	39.84
Sub-total	**22.02**	**(9.18)**
Total	**126.53**	**131.83**

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

	Year ended March 31, 2018	Year ended March 31, 2017
Details of raw materials consumed		
Security software devices - Unified Threat Management (UTM)	10.55	14.02
	10.55	**14.02**

Details of inventory

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

	As at March 31, 2018	As at March 31, 2017
Raw materials		
Security software devices - Unified Threat Management (UTM)	29.33	32.38
	29.33	**32.38**
Finished goods		
Security software products	17.82	39.84
	17.82	**39.84**

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

26. Employee benefits expense

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

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, wages and bonus	917.06	915.63
Contribution to provident and other funds	28.41	30.25
Gratuity expenses (refer note 31)	19.78	14.73
Staff welfare expenses	24.26	20.98
Employee share based payment expenses (refer note 32)	7.25	6.03
Total	**996.76**	**987.62**

27. Depreciation and amortisation expense

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

	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation on property, plant and equipment (refer note 5)	235.45	223.08
Amortization of intangible assets (refer note 6)	33.37	85.59
Total	**268.82**	**308.67**

28. Other expenses

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

	Year ended March 31, 2018	Year ended March 31, 2017
Web publishing expenses	29.59	73.05
Technology subscription charges	18.88	56.95
Fees for technical services	92.53	100.08
Power and fuel	39.04	37.79
Rent (refer note 33(a))	18.43	24.56
Rates and taxes	12.19	12.74
Insurance	7.80	5.25
Repairs and maintenance		
Buildings	12.94	14.61
Others	18.52	22.78
Corporate Social Responsibility (CSR) expenditure (refer note 42)	10.83	14.00
Commission to independent directors (refer note 44)	2.60	2.35
Directors' sitting fees	0.90	1.02
Business promotion expenses	106.89	32.26
Advertisement and sales promotion	190.35	171.36
Freight and forwarding charges	8.31	5.02
Travelling and conveyance	28.15	47.83
Communication costs	50.20	57.33
Office expenses	46.03	55.21
Donations	-	0.49
Legal and professional fees	64.21	131.05
Payment to statutory auditor (refer details below)	4.54	4.76
Foreign exchange loss (net)	-	0.47
Fixed assets written off	-	3.65
Provision for doubtful debts and advances	24.36	6.53
Net loss on sale of current investments	-	0.59
Miscellaneous expenses	14.33	16.58
Total	**801.62**	**898.31**

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

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

	Year ended March 31, 2018	Year ended March 31, 2017
Payment to auditor (excluding service tax and Goods and service tax)		
As auditor:		
Audit fees	1.20	1.20
Limited review	3.00	3.00
Others (including certification fees)	0.24	0.42
Reimbursement of expenses	0.10	0.14
Total	**4.54**	**4.76**

29. Income tax

The major components of income tax expense for the years ended March 31, 2018 and March 31, 2017 are:

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

Statement of profit and loss section	**March 31, 2018**	**March 31, 2017**
Current income tax:		
Current income tax charge	363.68	317.56
Adjustment in respect of current tax of previous years	-	(1.72)
Deferred tax:		
Relating to origination and reversal of temporary differences	39.69	(10.11)
Income tax expense reported in the statement of profit and loss	**403.37**	**305.73**
OCI Section		
Deferred tax related to items recognised in OCI during the year		
Net loss/(gain) on actuarial gains and losses	3.91	0.58
Net loss/(gain) on FVTOCI investments	-	0.03
Income tax charged to OCI	**3.91**	**0.61**

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

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

	March 31, 2018	March 31, 2017
Accounting profit before tax	1,192.15	897.42
At India's statutory income tax rate of 34.608% (March 31, 2017: 34.608%)	412.58	310.58
Unrealised loss on mutual fund	-	15.74
CSR expenditure	1.87	4.85
Dividend income	(35.51)	(20.36)
Tax in respect of earlier years	-	(1.72)
Deferred tax on investment at different rates	(0.03)	1.46
Tax impact on impairment of subsidiaries	25.99	-
Other non-deductible expenses	(1.52)	(2.37)
Long - term capital gain on sale of investments in mutual fund	-	(4.14)
Fair value for employee stock options	-	1.69
At the effective income tax rate of 33.836% [March 31, 2017: 34.608%]	**403.37**	**305.73**
Income tax expense reported in the statement of profit and loss	**403.37**	**305.73**

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

29. Income tax (contd.)

Deferred tax relates to the following:

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

	Balance sheet		Statement of profit and loss	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Accelerated depreciation for tax purposes	(60.09)	(35.68)	24.41	(3.00)
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	17.40	30.49	13.09	(6.38)
Provision for doubtful debts and advances	87.22	78.79	(8.43)	(2.26)
Deferred revenue	6.15	19.96	13.81	(0.83)
Investment in mutual fund	(1.10)	(4.29)	(3.19)	2.36
Investment in Smartalyse Technologies Private Limited	(1.54)	(1.54)	-	-
Deferred tax on gratuity expense, recycled from profit and loss to other comprehensive income	(4.34)	(0.43)	-	-
Net deferred tax expense / (income)	-	-	39.69	(10.11)
Net deferred tax assets / (liabilities)	43.70	87.30	-	-

Reflected in the balance sheet as follows:

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

	March 31, 2018	March 31, 2017
Deferred tax liabilities	(67.07)	(41.51)
Deferred tax assets	110.77	128.81
Deferred tax assets, net	43.70	87.30

Reconciliation of deferred tax assets, net

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

	March 31, 2018	March 31, 2017
Opening balance as of April 1	87.30	77.80
Tax (income) during the period recognised in statement of profit and loss	39.69	(10.11)
Tax expense during the period recognised in OCI	3.91	0.61
Closing balance	43.70	87.30

The Company offsets the tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

30. Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on exercise of stock option.

The following reflects the income and share data used in the basic and diluted EPS computations:

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

		Year ended March 31, 2018	Year ended March 31, 2017
Net profit after tax attributable to equity shareholders of the Company	(A)	788.78	591.69
Weighted average number of equity shares in calculating basic EPS	(B)	7,022,6215	70,054,699
Effect of dilution:			
Stock options granted under ESOP (in numbers)	(C)	75,830	410,529
Weighted average number of equity shares adjusted for the effect of dilution*	D=(B+C)	70,402,045	70,465,228
Basic earning per share of face value of INR 10 each (in INR)	**(A/B)**	11.23	8.45
Diluted earnings per share of face value of INR 10 each (in INR)	**(A/D)**	11.20	8.40

* There have been no transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of these financial statements.

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

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.

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

	Year ended March 31, 2018	Year ended March 31, 2017
Statement of profit and loss:		
Current service cost	16.22	13.28
Past service cost	1.95	-
Net interest income / (expense)	1.61	1.45
Net benefit expense recognised in the statement of profit and loss	**19.78**	**14.73**
Amount recorded in other comprehensive income:		
Measurement during the period due to:		
Actuarial gain / (loss) arising from change in financial assumptions on plan assets	(0.23)	(0.19)
Actuarial gain / (loss) arising on account of experience changes on plan assets	0.74	0.42
Actuarial gain / (loss) arising on account of experience changes on plan liabilities	5.31	(2.83)
Actuarial gain / (loss) arising on account of demographic changes on plan liabilities	1.92	-
Actuarial gain / (loss) arising on account of financial assumptions on plan liabilities	3.52	4.30
Total amount recognised in OCI	**11.26**	**1.70**

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

	As at March 31, 2018	As at March 31, 2017
Reconciliation of net (liability) / asset:		
Opening net defined benefit (liability) / asset	(27.73)	(23.34)
Expense charged to statement of profit and loss	(19.78)	(14.73)
Amount recognised in OCI	11.26	1.70
Employer contribution	9.52	9.39
Mortality charges and taxes	(0.81)	(0.75)
Closing net defined benefit (liability)	**(27.54)**	**(27.73)**
Changes in the present value of the defined benefit obligation (DBO) are as follows:		
Opening DBO	(59.66)	(47.32)
Interest cost	(3.71)	(3.57)
Current service cost	(16.22)	(13.28)
Past service cost	(1.95)	-
Benefits paid	13.35	3.04
Remeasurement during the period due to:		
Actuarial gain / (loss) arising on account of experience changes on plan liabilities	5.31	(2.83)
Actuarial (loss) / gain arising from change in demographic assumptions	1.92	-
Actuarial gain / (loss) arising on account of experience changes	3.52	4.30
Closing defined benefit (obligation) / asset recognised in balance sheet	**(57.44)**	**(59.66)**

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

31. Gratuity benefit plans (Contd.)

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

	As at March 31, 2018	As at March 31, 2017
Changes in the fair value of plan assets:		
Opening fair value of plan assets	31.93	23.98
Interest income	2.10	2.12
Contributions by employer	9.52	9.39
Mortality charges and taxes	(0.81)	(0.75)
Benefits paid	(13.35)	(3.04)
Actuarial gain / (loss) arising from change in financial assumptions on plan assets	(0.23)	(0.19)
Actuarial gain / (loss) arising on account of experience changes on plan assets	0.74	0.42
Closing fair value of plan assets	**29.90**	**31.93**
Actual return on plan assets	**2.61**	**2.35**
Net defined benefit liability		
DBO	(57.44)	(59.66)
Fair value of plan assets	29.90	31.93
Closing net defined benefit liability	**(27.54)**	**(27.73)**
Net liability is bifurcated as follows:		
Current*	**(6.50)**	**(5.00)**
Non - current	**(21.04)**	**(22.73)**

* The Holding Company expects to contribute INR 6.50 (March 31, 2017: INR 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:

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

	As at March 31, 2018	As at March 31, 2017
(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:

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

	As at March 31, 2018	As at March 31, 2017
Discount rate	7.40%	7.00%
Employee turnover	22.00%	15.00%
Expected rate of increment in compensation levels		
- First two years	10.00%	12.00%
- Thereafter	8.00%	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

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

31. Gratuity benefit plans (COntd.)

A quantitative sensitivity analysis for significant assumptions as at March 31, 2018 and March 31, 2017 is shown below:

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

	Sensitivity Level	Defined benefit obligation	
		As at March 31, 2018	As at March 31, 2017
Discount rate	1% decrease	59.95	56.20
	1% increase	55.22	63.64
Future salary increase	1% decrease	55.80	62.44
	1% increase	59.26	57.14
Withdrawal rate	1% decrease	57.54	59.50
	1% increase	57.44	59.93

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:

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

	As at March 31, 2018	As at March 31, 2017
Within the next 12 months (next annual reporting period)	9.40	5.52
Between 2 and 5 years	41.19	35.71
Beyond 5 years	56.32	71.49
Total expected payments	**106.91**	**112.72**

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

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

	As at March 31, 2018	As at March 31, 2017
Weighted average duration of defined benefit plan obligation	6.36 years	9 years

32. Share based arrangements

Share based payment arrangement 2010

On June 10, 2010, the Board of Directors approved the Equity Settled Share Based Payment Arrangement (SBPA), for issue of stock options to the employees and directors of the Company. According to the SBPA 2010, the employee selected by the Board of Directors from time to time will be entitled for scheme options, subject to satisfaction of the prescribed vesting conditions, viz., continued employment and performance parameters of employee. The contractual life (comprising the vesting period and the exercise period) of options and the other relevant terms of the grant are as below:

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

Particulars	Details
Date of grant	June 10, 2010
Date of board approval	June 10, 2010
Date of shareholder's approval	June 10, 2010
Method of settlement	Equity
Vesting period	4 years
Exercise period	5 years from date of vesting
Expected life (in years)	
Grant I	5.85 - 7.35
Grant II	4.53 - 6.50
Grant III	3.95 - 6.50
Fair value of shares on date of grant	INR 37.50 - INR 115.24
Vesting conditions	Continued employment and performance of employee as per contract

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

32. Share based arrangements (contd.)

The vesting pattern of scheme is as follows:

Time period from the date of grant	Cumulative percentage of share vesting
12 months	25%
24 months	50%
36 months	75%
48 months	100%

The details of activities under the scheme have been summarized below:

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

	Year ended March 31, 2018		Year ended March 31, 2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	287,117	69.89	345,993	69.91
Granted during the year	-	-	-	-
Forfeited during the year	22,162	100.32	25,018	103.24
Exercised during the year	164,294	74.52	33,858	45.53
Expired during the year	-	-	-	-
Outstanding at the end of the year	100,661	55.96	287,117	69.89
Exercisable at the end of the year	13,500	45.23	215,117	58.13

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

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

	Year ended March 31, 2018	Year ended March 31, 2017
Exercise price	37.50 - 110.00	37.50 - 110.00
Number of options outstanding (numbers)	100,661	287,117
Weighted average remaining contractual life of options (in years)	3.14	2.85
Weighted average exercise price	55.96	69.89

The weighted average share price at the date of exercise of these options, as at March 31, 2018 was INR 214.61.

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

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

32. Share based arrangements (contd.)

Share based payment arrangement 2014

On February 6, 2014, the board of directors approved the Equity Settled ESOP Scheme 2014 ("ESOP Scheme 2014") for issue of stock options to the employees and directors of the Company. According to the ESOP 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)	3.95 - 6.50
Grant IV	3.64 - 6.50
Grant V	3.50 - 6.50
Grant VI	3.50 - 6.50
Grant VII	3.50 - 6.50
Grant VIII	3.50 - 6.50
Grant IX	3.50 - 6.50
Grant X	3.64 - 6.64
Grant XI	3.50 - 6.51
Grant XII	3.76 - 6.76
Fair value of shares on date of grant	INR 115.24 - INR 206.45
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:

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

	Year ended March 31, 2018		Year ended March 31, 2017	
	Number of options	Weighted average exercise price (INR)	Number of options	Weighted average exercise price (INR)
Outstanding at the beginning of the year	566,547	152.64	481,325	112.16
Granted during the year	30,000	202.88	183,000	237.40
Forfeited during the year	78,498	118.09	59,459	112.00
Exercised during the year	121,684	111.38	38,319	112.00
Expired during the year	-	-	-	-
Outstanding at the end of the year	396,365	175.95	566,547	152.64
Exercisable at the end of the year	286,100	111.09	98,597	111.32

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

32. Share based arrangements (contd.)

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

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

	As at March 31, 2018	As at March 31, 2017
Exercise price (INR)	110.00 - 237.40	110.00 - 237.40
Number of options outstanding	396,365	566,547
Weighted average remaining contractual life of options (in years)	4.24	5.93
Weighted average exercise price (INR)	175.95	152.64

The weighted average share price at the date of exercise of these options, as at March 31, 2018 was INR 222.48

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

Manner in which the fair value of the stock option granted during the period was determined:

The weighted average fair value of stock options granted during the year was INR 65.26 (March 31, 2017: INR 82.59). The Black and Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

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

	As at March 31, 2018	As at March 31, 2017
Weighted average share price (INR)	202.88	249.63
Exercise price (INR)	179.70	237.40
Expected volatility (%)	27%	29%
Historical volatility (%)	0%	0%
Life of the options granted (vesting and exercise period) (in years)	3.76 - 6.76 years	3.64 - 6.64 years
Average risk-free interest rate (%)	6.62%	6.61%
Dividend yield	1.21%	1.05%

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

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

	Year ended March 31, 2018	Year ended March 31, 2017
Expense arising from equity settled share based payment transaction	7.25	6.03

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

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:

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

	Year ended March 31, 2018	Year ended March 31, 2017
Lease rentals recognised during the year	18.43	24.56

Future minimum rentals payable under non-cancellable operating lease:

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

	As at March 31, 2018	As at March 31, 2017
Within one year	1.05	1.80
After one year but not more than five years	-	1.05
More than five years	-	-
Total	**1.05**	**2.85**

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

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

	As at March 31, 2018	As at March 31, 2017
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided, net of advances	2.18	122.86
Other commitments:		
Commitments in relation to services (refer note A)	2.42	-

Note A

The Company has provided letters committing continuing financial support to its subsidiaries; Quick Heal Technologies Japan K.K., Quick Heal Technologies Africa Limited, Quick Heal Technologies America Inc. and Seqrite Technologies DMCC to meet their day to day obligations / commitments; to the extent these entities may be unable to meet their obligations.

c. Contingent liabilities

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

	As at March 31, 2018	As at March 31, 2017
Claims against the Company not acknowledged as debts		
Service tax [Note (i)]	1,223.07	846.06
Kerala Value added tax [Note (ii)]	-	0.15
Total	**1,223.07**	**846.21**

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

i) During the previous year and earlier years, the Company has received three statement of demands of service tax under the provisions of Finance Act, 1994 for INR 1,223.07 Million (excluding penalty of INR 626.97 Million and predeposit if any) covering the period from March 01, 2011 to March 31, 2016 on supply of anti-virus software in Compact Disk. The Company had filed an appeal with Customs, Excise and Service Tax Appellate Tribunal, New Delhi for the period March 01, 2011 to March 31, 2014 and with the Customs, Excise and Service Tax Appellate Tribunal, Mumbai for the period April 01, 2014 to March 31, 2015. Based on technical circular issued by the government authorities and an independent legal opinion, the Company is confident of getting this claim set aside and accordingly no provision for liability has been recognised in the financial statements and the demand has been disclosed as contingent liability.

ii) During the year ended March 31, 2015, the Company had received a notice of demand of VAT in the state of Kerala for INR 0.15 (VAT liability INR 0.13, Interest INR 0.02 and excluding penalty) in relation to stock transfers of anti-virus products transferred to Branch. The Company had appealed the same before the first level appellate authority in previous year. During the year ended March 31, 2018, the hearing was completed and appeal filed by the Company was dismissed by the first level appelate authority, accordingly management has provided for VAT liability, interest and penalty in the books of accounts.

d. Other litigations

i) During the previous 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 INR 16,100 for various reasons including loss of business profits, loss of capital assets & infrastructure etc. With respect to the above matters, the Company believes that the 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. The said writ petition was dismissed by Hon'ble Himalchal Pradesh High Court vide order dated March 23, 2018.

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, 2018 (March 31, 2017: Nil) that need to be disclosed pertaining to Micro and Small Enterprises under MSMED Act, 2006. As at March 31, 2018 and March 31, 2017, the disclosure has been made on the basis of intimation provided by the supplier to the Company.

35. Value of imports calculated on CIF basis

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

	Year ended March 31, 2018	Year ended March 31, 2017
Purchase of raw materials - Security software devices	7.46	21.28
Total	**7.46**	**21.28**

36. Expenditure in foreign currency (accrual basis)

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

	Year ended March 31, 2018	Year ended March 31, 2017
Business promotion expenses	-	0.91
Technology subscription charges	8.78	44.44
Fees for technical services	58.87	49.34
Travelling and conveyance	0.35	2.82
Web publishing expenses	0.01	33.06
Total	**68.01**	**130.57**

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

37. Earnings in foreign currency (accrual basis)

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

	Year ended March 31, 2018	Year ended March 31, 2017
Sale of software security products	71.66	83.23
Total	**71.66**	**83.23**

38. Net dividend remitted in foreign exchange:

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

	Year ended March 31, 2018	Year ended March 31, 2017
Period to which it relates	2016-17	2015-16
Number of non- resident shareholders	333	177
Number of equity shares on which dividend was due	544,347	182,221
Amount remitted (in USD) *	-	-
Amount remitted (in INR)	-	-

* amount during the year ended March 31, 2018 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, 2018	As at March 31, 2017
Wegilant Net Solutions Private Limited	14% p.a.	12 months from date of loan given	Unsecured	-	-

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

The amount due amounting to INR 35 (March 31, 2017 INR 35) has been provided for by the company.

40. Utilization of money raised through public issue

During the year ended March 31, 2016, the Company has raised INR 4,512.53 through public issue, specifically to meet the following objects of the Offer. The utilisation of IPO proceeds during the year ended March 31, 2018 and March 31, 2017 against the following objects of the Offer is as follows:

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

	Fund allocated to the activities as per prospectus	Actual utilization up to March 31, 2018	Unutilised money as on March 31, 2018	Actual utilization up to March 31, 2017	Unutilised money as on March 31, 2017
Advertising and sales promotion	1,110.00	319.30	790.70	88.76	1,021.24
Capital expenditure on research and development	418.80	308.94	109.86	232.22	186.58
Purchase, development and renovation of office premises in Kolkata, Pune and New Delhi	275.95	188.72	87.23	57.29	218.66
General corporate purposes	537.76	133.53	404.23	80.12	457.64
Total	**2,342.51**	**950.49**	**1,392.02**	**458.39**	**1,884.12**

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

41. Details of investments made from unutilized portion of public issue raised during the year ended:

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

	As at March 31, 2018	As at March 31, 2017
Investments in fixed deposits of banks	1,405.00	1,897.50
Balance in current accounts	0.87	0.47
Total *	**1,405.87**	**1,897.97**

* includes in March 31, 2018: INR 13.85 (March 31, 2017: INR 13.85) spent by the Company from bank accounts other than the IPO account.

42. Corporate Social Responsibility expenditure

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

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Gross amount required to be spent by the Company during the year	17.97	18.79

	Year ended March 31, 2018			Year ended March 31, 2017		
(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	10.83	-	10.83	14.00	-	14.00

43. Particulars of unhedged foreign currency exposures as at the balance sheet date

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

		As at March 31, 2018		As at March 31, 2017	
	Foreign currency	In foreign currency	In Indian Rupees	In foreign currency	In Indian Rupees
Bank balances	USD	0.02	1.31	0.14	8.93
Cheques on hand	USD	0.03	1.75	-	-
Cash balances	EUR	0.00	0.04	-	-
	USD	0.00	0.08	0.00	0.07
	JPY	0.07	0.04	0.15	0.09
Trade receivables	USD	0.21	13.79	0.35	22.69
	JPY	11.66	7.13	2.62	1.52
	AED	0.26	4.68	0.11	1.92
	KES	0.62	0.39	7.04	4.34
	AUD	-	-	0.01	0.56
Trade payables	USD	0.12	8.00	0.00	0.21
Investment (gross)	JPY	200.00	120.25	180.00	108.35
	AED	0.30	5.62	3.10	53.94
	USD	0.79	53.64	0.92	62.15
	KES	113.68	76.80	113.68	76.80
Advances receivable / (payable)	USD	(0.00)	(0.07)	0.34	24.11
Advances from subsidiaries	USD	0.06	3.62	-	-
Advances to subsidiaries	USD	-	-	0.00	0.13
	AED	-	-	0.00	0.01
Advances receivable from Key management personnel	AED	-	-	0.01	0.12
	JPY	-	-	0.01	0.00

* The unhedged foreign currency exposure in relation to certain foreign currency balances (SGD, BDT, etc.) have not been included in the above disclosures since the figures have been disclosed in Millions.

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

44. Related party transaction

List of related parties as per the requirements of Ind AS 24 - Related Party Disclosures

Related parties where control exists	
Wholly owned subsidiaries	Quick Heal Technologies America Inc., USA
	Quick Heal Technologies Japan K.K., Japan
	Quick Heal Technologies Africa Limited, Kenya
	Quick Heal Technologies (MENA) FZE, UAE (Deregistered on February 28, 2018)
	Seqrite Technologies DMCC, UAE

Related parties with whom transactions have taken place during the year	
Key management personnel	Kailash Katkar, 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 (upto October 12, 2017)
	Vijay Mhaskar, Chief Operating Officer
	Rajesh Ghonasgi, Chief Financial Officer (upto February 28, 2018)
	Nitin Kulkarni, Chief Financial Officer (w.e.f. May 10, 2018)
	Vijay Shirode, Company Secretary (upto June 30, 2017)
	Raghav Mulay, Company Secretary (w.e.f. August 11, 2017)
	Pradeep Bhide, Independent Director
	Sunil Sethy, Independent Director (upto April 24, 2018)
	Mehul Savla, Independent Director
	Apurva Joshi, Independent Director
	Priti Rao, Independent Director (w.e.f. April 10, 2018)
	Shailesh Lakhani, Non-Executive Director
Relatives of key management personnel	Anupama Katkar (wife of Kailash Katkar)
	Chhaya Katkar (wife of Sanjay Katkar)
	Sneha Katkar (daughter of Kailash 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:

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

Nature of transaction	Name of the related party	Year ended March 31, 2018	Year ended March 31, 2017
Compensation paid to Key Management Personnel	Kailash Katkar	12.49	12.49
	Sanjay Katkar	12.49	12.49
	Abhijit Jorvekar	4.40	7.27
	Anupama Katkar	3.53	3.52
	Rajesh Ghonasgi	14.37	12.54
	Vijay Mhaskar	9.90	5.19
	Raghav Mulay	0.88	-
	Vijay Shirode	0.34	1.14
	Sneha Katkar	0.19	-
Sub-total		58.59	**54.64**
Directors' sitting fee	Pradeep Bhide	0.28	0.26
	Sunil Sethy	0.21	0.30
	Mehul Savla	0.15	0.19
	Apurva Joshi	0.20	0.27
	Abhijit Jorvekar	0.06	-
Sub-total		0.90	**1.02**
Commission to independent directors	Pradeep Bhide	0.86	0.80
	Sunil Sethy	0.60	0.80
	Mehul Savla	0.79	0.50
	Apurva Joshi	0.25	0.25
	Abhijit Jorvekar	0.10	-
Sub-total		2.60	**2.35**
Total		62.09	**58.01**

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

44. Related party transaction (contd.)

Compensation of key managerial personal of the Company

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

	Year ended March 31, 2018	Year ended March 31, 2017
Short-term employee benefits (compensation)	58.59	54.64
Post - employment gratuity benefits	0.65	0.35
Leave benefits	0.14	0.03
Share-based payment transactions	0.31	0.32
Total compensation to key management personnel	**59.69**	**55.34**

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, 2018 Number outstanding	March 31, 2017 Number outstanding
February 6, 2014	-	96.25	-	26,000
September 6, 2014	-	110.00	-	5,000
September 24, 2015	-	110.00	-	2,625
November 11, 2016	-	237.40	31,250	2,625

* 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.

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

Nature of transaction	Name of the related party	Year ended March 31, 2018	Year ended March 31, 2017
Rent paid	Kailash Katkar	0.96	0.96
	Anupama Katkar	0.14	0.27
	Chhaya Katkar	0.14	0.27
	Kailash Sahebrao Katkar HUF	0.99	0.90
	Sanjay Sahebrao Katkar HUF	0.99	0.90
		3.22	**3.30**
CSR contribution	Quick Heal Foundation	10.83	14.00
		10.83	**14.00**
Sale of security software products	Quick Heal Technologies America Inc.	3.21	1.98
	Quick Heal Technologies Japan K.K	10.67	5.01
	Quick Heal Technologies (MENA) FZE	-	7.85
	Seqrite Technologies DMCC, UAE	7.43	-
	Quick Heal Technologies Africa Limited	1.91	13.59
		23.22	**28.43**
Investments / (Disinvestments)	Quick Heal Technologies Japan K.K	11.90	56.00
	Quick Heal Technologies (MENA) FZE	(38.71)	-
	Quick Heal Technologies Africa Limited	-	64.16
	Seqrite Technologies DMCC	-	5.62
	Quick Heal Technologies America Inc.	(8.51)	45.41
		(35.32)	**171.19**
Final equity dividend declared and paid for the financial year ended March 31, 2017 and March 31, 2016	Kailash Katkar	51.28	51.28
	Sanjay Katkar	51.28	51.28
	Anupama Katkar	12.51	12.51
	Chhaya Katkar	12.51	12.51
	Rajesh Ghonasgi	0.17	0.07
	Abhijit Jorvekar	0.03	0.30
		127.78	**127.95**

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

44. Related party transaction (contd.)

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables, except for the commitments as disclosed in note 33(b)(A) . For the year ended March 31, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017: INR Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Balance outstanding

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

Nature of transaction	Name of the related party	As at March 31, 2018	As at March 31, 2017
Trade receivables	Quick Heal Technologies America Inc.	0.51	1.92
	Quick Heal Technologies Japan K.K	7.13	1.52
	Quick Heal Technologies (MENA) FZE	-	2.21
	Seqrite Technologies DMCC	4.68	-
	Quick Heal Technologies Africa Limited	0.39	4.34
		12.71	**9.99**
Advances receivable from subsidiaries	Quick Heal Technologies (MENA) FZE	-	0.01
	Quick Heal Technologies America Inc.	-	0.13
	Seqrite Technologies DMCC *	-	0.10
	Quick Heal Technologies Africa Limited	-	-
		-	**0.24**
Advances payable to subsidiaries	Quick Heal Technologies Africa Limited	3.62	-
		3.62	**-**
Commission payable to independent directors	Pradeep Bhide	0.86	0.80
	Sunil Sethy	0.60	0.80
	Mehul Savla	0.79	0.50
	Apurva Joshi	0.25	0.25
	Abhijit Jorvekar	0.10	-
		2.60	**2.35**

* amount is receivable in INR

45 (a). Segment

The Company is engaged in providing security software solutions. The Chief Operating Decision Maker (CODM) reviews the information pertaining to revenue of each of the target customer group (segments) as mentioned below. However, based on similarity of activities/ products, risk and reward structure, organisation structure and internal reporting systems, the Company has structured its operations into one operating segment viz. anti-virus and as such there is no separate reportable operating segment as defined by Ind AS 108 "Operating segments".

- Retail
- Enterprise and Government
- Mobile

In accordance with paragraph 4 of Ind AS 108 'Operating segments', the Company has disclosed segment information only on the basis of the consolidated financial statement.

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

45 (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**

The disclosure with respect to holding of and dealings in Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018 and accordingly have not been reported.

45 (c). 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, 2018	-	-	-	-	-
Maximum amount outstanding during the financial year 2017-18	0.46	0.06	-	0.04	0.10
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

45 (d). Exceptional items

Exceptional items includes impairment of investment in wholly owned subsidiaries amounting to INR 75.09 Million (March 31, 2017: INR 6.33 Million). It also included INR Nil (March 31, 2017: INR 37.80 Million) towards impairment of financial assets being loan to and interest receivable from Wegilant Net Solutions Private Limited.

46. 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, 2018:

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

	Carrying value		Fair value	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Financial assets				
Investments at amortised cost	34.49	-	34.49	-
Investments at FVTPL	3,000.78	1,750.82	3,000.78	1,750.82
Investments at FVTOCI	29.52	66.66	29.52	66.66
Loans and security deposits	11.31	9.88	11.31	9.88
Trade and other receivables	1,027.41	949.90	1,027.41	949.90
Cash and cash equivalents	83.47	501.16	83.47	501.16
Other bank balances	1,507.24	1,501.16	1,507.24	1,501.16
Other financial assets	41.92	10.80	41.92	10.80
Total	**5,736.14**	**4,790.38**	**5,736.14**	**4,790.38**
Financial liabilities				
Trade and other payables	322.72	406.02	322.72	406.02
Other financial liabilities	15.61	13.16	15.61	13.16
Total	**338.33**	**419.18**	**338.33**	**419.18**

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

46. Fair values (contd.)

The management assessed that the fair value of cash and cash equivalents, trade receivables, trade payables and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

(i) The fair value of the quoted mutual fund are based on the price quotations at reporting date. The fair value of unquoted instruments, related parties and other financial liabilities as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

(ii) The fair values of the unquoted equity shares, compulsory convertible preference shares have been estimated using a discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at March 31, 2018 and March 31, 2017 are as shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Unquoted equity shares in Smartalyse Technologies Private Limited	Discounted cash flow method	Weighted average cost of equity	March 31, 2018: 18.52% to 20.52%	1% increase in the WACC would decrease the fair value by INR 2.20 and 1% decrease would increase the fair value by INR 2.56.
		Long-term growth rate for cash flows	March 31, 2018: 5% to 7%	1% increase in the growth would increase the fair value by INR 1.84 and 1% decrease would decrease the fair value by INR 1.58
		Long-term operating margin	March 31, 2018: 28.20% to 58.20%	15% increase in the margin would increase the fair value by INR 8.22 and 15% decrease would decrease the fair value by INR 8.22.
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 INR 1.05 and 1% decrease would increase the fair value by INR 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 INR 0.73 and 1% decrease would decrease the fair value by INR 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 INR 5.77 and 15% decrease would decrease the fair value by INR 5.77.

Reconciliation of fair value measurement of financial assets classified as FVTOCI:

	Compulsory Convertible Preference Shares	Unquoted equity shares
As at April 1, 2016	3.55	**36.53**
Remeasurement recognised in OCI	(3.55)	0.13
Purchases	-	30.00
Sales	-	-
As at March 31, 2017	-	**66.66**
Remeasurement recognised in OCI	-	(37.13)
Purchases	-	-
Sales	-	-
As at March 31, 2018	-	**29.53**

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

47. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included with in Level 1 that the observable for the asset or liability, either directly (i.e. as pieces) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data unobservable inputs

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at March 31, 2018 and March 31, 2017.

Quantitative disclosures fair value measurement hierarchy for assets:

	Date of valuation	Amount	Fair value measurement using		
			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, 2018	March 31, 2018	29.52	-	-	29.52
As at March 31, 2017	March 31, 2017	66.66	-	-	66.66
Unquoted Compulsory Convertible Preference Share in Wegilant Net Solutions Private Limited					
As at March 31, 2018	March 31, 2018	-	-	-	-
As at March 31, 2017	March 31, 2017	-	-	-	-
Financial assets measured at fair value through profit and loss					
Mutual fund investments					
Fair value through profit or loss investments					
As at March 31, 2018	March 31, 2018	3,000.78	3,000.78	-	-
As at March 31, 2017	March 31, 2017	1,750.82	1,750.82	-	-

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

48. 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 44 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.

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

48. Financial instruments risk management objectives and policies (contd.)

Foreign currency sensitivity

The Company does not take any steps to hedge the foreign currency exposure as mentioned above as the Management believes that there is natural hedge to some extent and balance exposure not really having significant impact on the financial health of the Company.

	Foreign currency	In foreign currency	Change in Currency rate	Effect on profit before tax	Effect on pre-tax equity
March 31, 2018	USD	1.23	3%	1.47	1.47
			(3%)	(1.47)	(.47)
	AED	0.56	2%	0.18	0.18
			(2%)	(0.18)	(0.18)
	JPY	211.74	0%	0.23	0.23
			0%	0.23	0.23
	KES	114.29	3%	1.95	1.95
			(3%)	(1.95)	(1.95)
	MDL	-	0%	-	-
			0%	-	-
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)

(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.

Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.)

(c) Liquidity risk

The Company had no outstanding bank borrowings as of March 31, 2018 and March 31, 2017. The working capital as at March 31, 2018 was INR 5,080.28 (March 31, 2017: INR 4,131.35) including cash and cash equivalents.

As at March 31, 2018 and March 31, 2017, the outstanding employee obligations were INR 34.14 and INR 37.15 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, 2018					
Trade payables	-	84.45	9.59	1.19	95.22
Other payables	-	227.50	-	-	227.50
Any other financial liabilities	-	15.61	-	-	15.61
Total	**-**	**327.56**	**9.59**	**1.19**	**338.33**
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**

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, 2018 is INR 7,397.48 (March 31, 2017: INR 6,790.52).

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

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 10, 2018

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 10, 2018

Sanjay Katkar
Managing Director
& Chief Technical Officer
DIN: 00397277
Place: Pune
Date: May 10, 2018

Nitin Kulkarni
Chief Financial Officer

Place: Pune
Date: May 10, 2018

Raghav Mulay
Company Secretary

Regs. No. ACS-25793
Place: Pune
Date: May 10, 2018

Notes

Quick Heal Technologies Limited

E-mail: cs@quickheal.co.in Website: www.quickheal.com

FORM NO. MGT-11

Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rule, 2014]

CIN: : L72200MH1995PLC091408
Name of the Company: : Quick Heal Technologies Limited
Registered Address: : Marvel Edge, Office No. 7010 C & D 7th Floor, Viman Nagar, Pune - 411 014 Tel: (020)-66813232

Name of the Member(s) : _____
Registered Address : _____ Email Id: _____
Folio No / Client ID : _____ DP ID: _____

I / We being the member(s) of Equity Shares of _____ Quick Heal Technologies Limited, hereby appoint

1. Name : _____
   Address : _____
   Email ID : _____ , or failing him / her _____
   Signature

2. Name : _____
   Address : _____
   Email ID : _____ , or failing him / her _____
   Signature

3. Name : _____
   Address : _____
   Email ID : _____ , or failing him / her _____
   Signature

as my/ our proxy to attend and vote (on a poll) for me / us and on my/ our behalf at the 23rd Annual General Meeting of the Company, to be held on Wednesday, August 8, 2018 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:

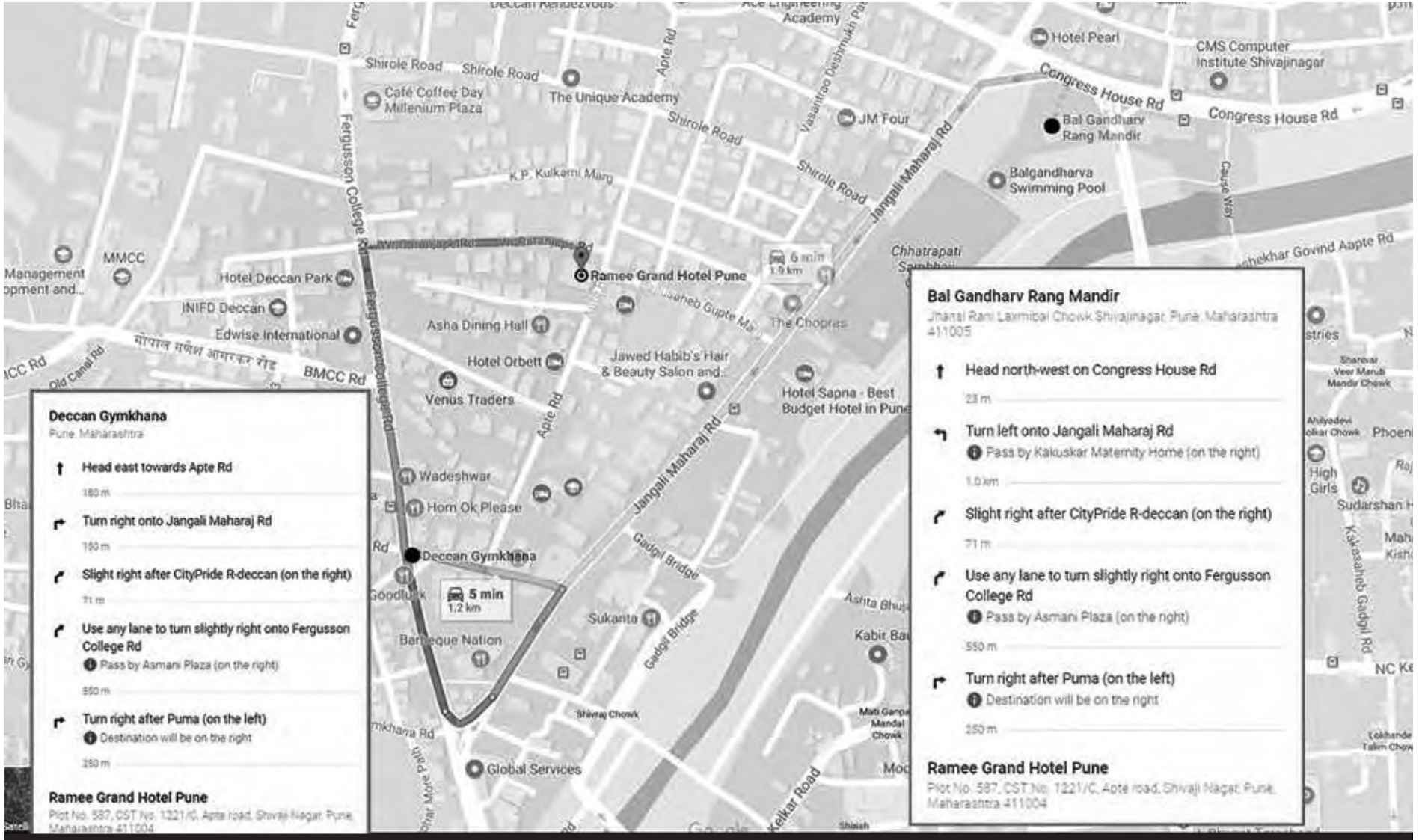
1) Adoption of Audited Financial Statements as at March 31, 2018 (Standalone and Consolidated) together with reports of Directors and Auditors thereon;
2) Declaration of dividend;
3) Appointment of a Director in place of Mr. Shailesh Lakhani (DIN: 03567739), who retires by rotation and being eligible, 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) Appointment of Ms. Priti Rao (DIN: 03352049) as an Independent Director;
6) Appointment of Mr. Manu Parpia (DIN: 00118333) as an Independent Director.

Signed this _____ day of _____ 2018.
Signature of Shareholder: _____
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 48 hours before the date of Annual General Meeting.



23rd Annual General Meeting
Wednesday, 8th August 2018
11:00 AM

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

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